Printed for the use of the Foreign Office. March 1890.

CONFIDENTIAL.

(5897.)

F.O. 424

F.O.
424

PART X.

FURTHER CORRESPONDENCE

RESPECTING THE

FINANCES OF TURKEY.

166 _ 1889.

TABLE OF CONTENTS.

No.	Name.	No.	Date.	Subject.	Page
1	To Sir W. White ..	1	Jan. 1, 1889	Haïdar-Pacha-Ismidt Railway Company. Sends copies of further correspondence	1
2	To Mr. Wilkin ..	Private	1,	Haïdar-Pacha-Ismidt Railway Company. Communicates substance of Sir W. White's telegram No. 95 of the 31st December .	1
3	Colonel Alt ..	..	2,	Seizure of line threatened. Urgent appeal to Her Majesty's Government for action ..	2
4	Sir W. White ..	518	Dec. 29, 1888	Seizure of line threatened. Copies of correspondence between Her Majesty's Embassy at Constantinople and Mr. Pears, legal adviser to the lessees	3
5	Colonel Alt ..	..	Jan. 3, 1889	Re-urges interference of Her Majesty's Government	6
6	To Sir W. White ..	3	4,	Approves his Excellency's letters to Mr. Pears	6
7	" " ..	4	5,	Copies of Nos. 3, 5, and 9. Has, in conversation with Rustem Pasha, deprecated any seizure of the line	6
8	Colonel Alt ..	..	7,	Seizure of the line. Announces, and requests assistance to obtain sequestration of money payable by German concessionnaires to the Porte	7
9	To Colonel Alt ..	..	7,	Has urged upon Turkish Ambassador that arbitrary action should be avoided ..	7
10	Sir W. White ..	1 Telegraphic	7,	Haïdar-Pacha line seized	7
11	" " ..	6 A	7,	Extends above	7
12	To Sir W. White ..	1 Telegraphic	8,	Substance of No. 8. To do what he properly can to assist	8
13	" " ..	12	8,	Extends above	8
14	Colonel Alt ..	..	8,	Copy of protest against seizure of line. Points on which the Company especially request support	8
15	Sir W. White ..	2 Telegraphic	9,	Money to be paid to Porte must be attached according to German law	10
16	" " ..	8	8,	Extends above	10
17	" " ..	6 Confidential	6,	Financial situation in Turkey. Memorandum by Mr. Law	11
18	Colonel Alt ..	..	10,	Urges that Sir W. White be instructed to make representations to the Sultan	15
19	Rustem Pasha ..	..	10,	Submits copy of accounts with the Haïdar-Pacha Railway Company, which show that the Company owe the Porte a large sum ..	15
20	Colonel Alt ..	..	11,	Seizure of the line in absence of any sentence of a competent Tribunal is an arbitrary and illegal act	16
21	To Sir W. White ..	15	11,	Rustem Pasha's explanations as to the necessity for Porte's action. Certain sums have been deposited as a guarantee for claims, &c. ..	17
22	" " ..	16	12,	Approves his action and language, as reported in his despatch No. 515 of the 29th December	17
23	" " ..	17	14,	Approves his proceedings, as reported in No. 30, *infra* (printed there in error) ..	18
24	To Rustem Pasha ..	..	14,	Her Majesty's Government regret arbitrary seizure of line, and suggest arbitration ..	18
25	To Colonel Alt ..	..	14,	Sir W. White will be instructed to urge arbitration. Matter not one for a personal representation to the Sultan	18
26	Imperial Ottoman Bank	..	14,	Ottoman finances. Note on the Arrangement of the 20th December, 1881, and suggested modifications	19
27	Sir W. White ..	3 Telegraphic	15,	Urgent that the Haïdar-Pacha Company should fulfil the requirements of German law in regard to attachment and protest	24
28	" " ..	12	15,	Extends above	24
29	To Sir W. White ..	2 Telegraphic	15,	Notice of attachment said to have been served at Berlin	24
30	Sir W. White ..	7	8,	Seizure of line. Copies of correspondence. Representations made to Grand Vizier ..	25

No.	Name.	No.	Date.	Subject.	Page
31	To Sir W. White ..	20 Confidential	Jan. 17, 1889	Financial situation in Turkey. To thank Mr. Law for his interesting and suggestive Report	28
32	Sir W. White ..	4 Confidential Telegraphic	18,	Fears that notice of attachment has not yet been properly served. Importance of point. Will urge arbitration	28
33	" " ..	21 Confidential	18,	Extends above	28
34	To Sir W. White ..	3 Telegraphic	19,	Lessees say they are acting under legal advice at Berlin. They wish for arbitration, and a fusion with German concessionnaires ..	29
35	Sir W. White ..	5 Telegraphic	20,	Question of fusion must be negotiated with Deutsche Bank at Berlin. Grand Vizier insists on being furnished with statement of Company's claims before he will consider question of arbitration	29
36	" " ..	28	20,	Extends above	29
37	Colonel Alt ..	..	22,	Incloses a summary of the Haïdar-Pacha Company's claims. Remarks as to its communication to Grand Vizier. A legal attachment of the money payable by the Deutsche Bank appears to be impossible ..	30
38	To Sir W. White ..	4 Telegraphic	23,	Her Majesty's Government only ask for impartial examination of the Company's claims. They do not vouch for their correctness ..	32
39	" " ..	33 Confidential	23,	Extends above	32
40	Sir W. White ..	15 Secret	17,	Council of delegates of foreign bondholders. Remarks respecting Mr. Lauder's Memorandum (see No. 26)	32
41	" " ..	6 Confidential Telegraphic	24,	Haïdar-Pacha Company's claim. State of case. Sir E. Malet might communicate with the Deutsche Bank	33
42	" " ..	29 Confidential	24,	Extends above	34
43	" " ..	8 Telegraphic	26,	Note to Porte urging arbitration	35
44	" " ..	31	26,	Extends above	35
45	" " ..	9 Telegraphic	27,	Porte not disposed to admit of diplomatic intervention, but will consider any direct application from lessees	36
46	" " ..	34	27,	Extends above	37
47	To Sir E. Malet ..	27 Confidential	29,	Summary of case of Haïdar-Pacha Company. To ascertain if German Ambassador could be instructed to assist Sir W. White in arranging for arbitration	37
48	To Sir W. White ..	5 Telegraphic	29,	Colonel Alt informed of state of case. His reply. Porte, by seizure of line, are debarred from taking their stand on Article XI of the Convention	38
49	" " ..	37	29,	Extends above	38
50	Sir W. White ..	10 Telegraphic	31,	Porte refer the Company to the Tribunals ..	39
51	" " ..	41	31,	Extends above. Copies of correspondence with Porte	39
52	To Colonel Alt ..	..	Feb. 2,	Informing of above	40
53	Sir E. Malet ..	45 Confidential	1,	Has addressed a *note verbale* to the German Government	40
54	To Sir W. White ..	41	4,	The Porte has deposited certain sums to meet claims with the Crédit Lyonnais	40
55	" " ..	42 Confidential	5,	Copy of instruction to Sir E. Malet. Colonel Alt gone to Berlin to take further legal proceedings	41
56	Sir W. White ..	32 Confidential	Jan. 26,	Arbitration. Reports further steps taken at the Porte	41
57	" " ..	53	Feb. 3,	Mr. Pears' programme for arbitration. Impossible to communicate it to Porte. As to joint action with Austrian Embassy	42
58	Sir E. Malet ..	6 Telegraphic	7,	Arbitration. German Ambassador at Constantinople will act in concert with Sir W. White	43
59	" " ..	55	7,	Extends above	43
60	To Sir E. Malet ..	5 Telegraphic	7,	May inform Colonel Alt, but latter should not relax his own efforts	44
61	" " ..	36	7,	Extends above	44

No.	Name.	No.	Date.	Subject.	Page
62	Sir W. White ..	12 Telegraphic	Feb. 8, 1889	Arbitration. Porte more favourably disposed..	44
63	„ „ ..	57	8,	Extends above	44
64	To Sir W. White ..	50	8,	Arbitration. Approves note to Porte inclosed in No. 44	45
65	Sir W. White ..	54	4,	Answer to Porte's note referring the Company to the Tribunals	45
66	Sir E. Malet ..	56	7,	Arbitration. *Note verbale* from German Government recording instructions sent to German Ambassador at Constantinople ..	46
67	To Sir E. Malet ..	7 Telegraphic	9,	To communicate substance of No. 62 to Colonel Alt	46
68	„ „ ..	37	9,	Extends above	46
69	„ „ ..	49	13,	Arbitration. To thank the German Government for their friendly action	47
70	To Sir W. White ..	52	13,	Arbitrary action of Turkish Government has removed the question from the Courts, and justifies direct diplomatic intervention ..	47
71	„ „ ..	54	14,	Deposit made by Porte at Crédit Lyonnais. Conversation with Rustem Pasha	48
72	Sir E. Malet ..	64 Confidential	16,	Copy of Colonel Alt's letter to Count Bismarck	48
73	„ „ ..	67	16,	Has acted on No. 69	49
74	Colonel Alt ..	..	19,	Action taken by the Company in the German Courts against Deutsche Bank has failed. Requests support in his endeavours to come to an understanding with the German concessionnaires	49
75	To Colonel Alt ..	..	19,	Substance of No. 71. Communicates ..	51
76	Colonel Alt ..	..	20,	Copies of further correspondence	51
77	To Sir E. Malet ..	57	21,	Question of fusion. Copy of No. 74, for observations	53
78	To Sir W. White ..	60	23,	Copy of No. 76. To ascertain exact position of case	53
79	„ „ ..	61	23,	Rustem Pasha denies that he admitted the principle of arbitration. Her Majesty's Government must continue to urge it ..	53
80	To Treasury ..	..	23,	Surplus revenue of Cyprus. Turkish Ambassador pressing for a reply to his communication of last year	54
81	Colonel Alt ..	..	26,	Company cited before the Tribunals. Urges interference of Her Majesty's Ambassador..	54
82	To Colonel Alt ..	..	Mar. 1,	As to course Company should pursue. Her Majesty's Government will consult Law Officers as to their right to interfere diplomatically	55
83	Mr. Beauclerk ..	82	2,	Communications with Deutsche Bank. Substance of	55
84	„ „ ..	85	4,	Correspondence with Colonel Alt	56
85	Colonial Office ..	..	6,	Calculation of Cyprus tribute. Memorandum by Sir R. Biddulph. Original calculations appear to have been perfectly sound ..	57
86	Sir W. White ..	78 Confidential	Feb. 25,	War indemnity due by Turkey to Russia, &c. M. de Nélidoff pressing for further payments	62
87	„ „ ..	79	27,	Porte's claim against Baron Hirsch; 27,500,000 fr. awarded to Porte by Arbitrator	62
88	„ „ ..	83 Secret	8,	The Russian war indemnities. Reports on state of the question	63
89	„ „ ..	90 Confidential	Mar. 2,	Haïdar-Pacha Company. Present state of case	63
90	Mr. Beauclerk ..	88	5,	Letter from Deutsche Bank respecting their transactions with Colonel Alt	65
91	„ „ ..	13 Telegraphic	7,	Deutsche Bank would be ready eventually to admit co-operation of serious British capitalists to extent of one-half of their Concession	67
92	„ „ ..	92 Confidential	7,	Extends above	67
93	To Colonel Alt ..	..	7,	Question of fusion with Deutsche Bank. Must be left to private negotiation	67
94	Mr. Beauclerk ..	98	9,	Reports his communications with Colonel Alt..	67
95	To Colonel Alt ..	..	12,	Communicates substance of No. 89	68

No.	Name.	No.	Date.	Subject.	Page
96	Sir W. White ..	15 Telegraphic	Mar. 13, 1889	Arbitration. Grand Vizier insists, as a necessary preliminary, that Company should give figures and state total amount of their claims	69
97	„ „ ..	98	13,	Extends above. Note from Mr. Pears ..	69
98	To Mr. Beauclerk ..	87	13,	Approves his language to Colonel Alt ..	70
99	To Rustem Pasha ..	..	13,	Amount of Cyprus surplus. Copy of Memorandum. Her Majesty's Government cannot reopen discussion, as previous calculations are proved to be sound	70
100	Colonel Alt ..	..	13,	Reply to No. 95	71
101	Rustem Pasha ..	..	21,	Receipt of No. 99	71
102	Treasury	..	21,	Cyprus surplus. Concur in terms of note to Rustem Pasha	71
103	To Sir W. White ..	20 Telegraphic	29,	Haïdar-Pacha Railway Company. Her Majesty's Government are advised by Law Officers that they would not be justified in taking exception diplomatically to jurisdiction of Ottoman Courts. General instructions	72
104	„ „ ..	113	29,	Extends above. Copy of letter to Colonel Alt	72
105	Messrs. Matheson and Co.	..	28,	Cancelling of bonds of the Ottoman Public Debt. Complaint on ground of insufficiency of notice	73
106	To Colonel Alt ..	..	29,	Haïdar-Pacha Railway Company. Informs of result of reference to Law Officers (see No. 103)	74
107	To Sir W. White ..	114	Apr. 1,	Cancelling of Ottoman bonds. Copy of No. 105, for such representations as he may be able to make	74
108	Mr. Wilkin ..	..	16,	Receipt of No. 106. Haïdar-Pacha Company are making out total amount of their claim .	74
109	Sir W. White ..	133	5,	War indemnity to Russian subjects. £ T. 150,000 still due by Porte on account of	75
110	„ „ ..	138	8,	War indemnity due to Russia. State of question	75
111	„ „ ..	141	13,	Colonel Alt says the accounts of the Haïdar-Pacha Company are not yet ready ..	76
112	„ „ ..	159	26,	Cancelling of Turkish bonds. Report. Case seems a hard one	76
113	To Treasury ..	..	May 9,	Cancelling of Turkish bonds. Copies of correspondence. Was sufficient notice given of intended conversion?	77
114	Mr. Caillard ..	..	29,	Surplus revenues of Cyprus. Asks how the negotiations with the Porte stand.. ..	78
115	Treasury	..	30,	Cancelling of Turkish bonds. Think that forfeiture was too severe a penalty for non-presentation within time specified.. ..	78
116	Sir W. White ..	27 Secret Telegraphic	June 2,	Porte's scheme for conversion of its loan guaranteed by Egyptian tribute	78
117	„ „ ..	209	6,	Accounts of Haïdar-Pacha Company presented to the Porte. They will take time to examine	79
118	Messrs. Matheson and Co.	..	20,	Cancelled Turkish bonds. Amount to a little under 900,000*l.*	81
119	Sir W. White ..	234	28,	Anatolian Railway. Firman of Concession and Statutes	81
120	„ „ ..	282	July 20,	Haïdar-Pacha Company. Negotiations with Porte proceeding, but is unacquainted with nature of	86
121	To Messrs. Matheson and Co.	..	Aug. 22,	Cancelling of Turkish bonds. Doubtful if complainants have any legal remedy, but Her Majesty's Ambassador at Constantinople will be instructed to do what he can..	86
122	To Sir W. White ..	278	23,	Instructions in accordance with above ..	87
123	Sir W. White ..	364	Sept. 4,	Turkish loan bonds drawn before suspension of payment in 1875. Iradé settling question of payment of. Suggests that publicity be given to the arrangement	87
124	„ „ ..	378	14,	Cancelled Turkish bonds. Receipt of No. 122. Calls attention to Firman inclosed in No. 123. Will defer action pending receipt of further instructions	89

No.	Name.	No.	Date.	Subject.	Page
125	To Sir W. White ..	339 Confidential	Oct. 17, 1889	Receipt of No. 124. Action may be unsuccessful, but representation should be made ..	89
126	Sir W. White ..	459	Nov. 21,	Quotation on Stock Exchange of various Ottoman loans. Successful result of Agop Pasha's efforts	90
127	Mr. Caillard ..	..	28,	Negotiations of Public Debt Administration with Porte in relation to new Treaties of Commerce. Copy of note furnished to Sir W. White	90
128	To Mr. Caillard ..	..	Dec. 5,	Receipt of above	92
129	Mr. Caillard ..	..	18,	Negotiations of Public Debt Administration with Porte in relation to new Treaties of Commerce. Memorandum of terms settled with the Porte	92
130	Sir W. White ..	137 Commercial	19,	Negotiations of Public Debt Administration with Porte in relation to new Treaties of Commerce. Forwards copy of letter from Mr. Caillard embodying terms of arrangement	93

Printed for the use of the Foreign Office. *February* 1890.

CONFIDENTIAL.

Further Correspondence respecting the Finances of Turkey.

Part X.

No. 1.

The Marquis of Salisbury to Sir W. White.

(No. 1.)

Sir,

Foreign Office, January 1, 1889.

I TRANSMIT to your Excellency herewith, for your information, a copy of a letter from Mr. Wilkin upon the subject of the negotiations for the fusion of Colonel Alt's group of financiers with that represented by the Deutsche Bank for carrying out the extensions of the Asia Minor railways.*

The substance of this letter was communicated to your Excellency by telegraph on the 30th ultimo.

On receipt of your telegram in reply, No. 95 of 31st December, the letter, of which a copy is inclosed, was addressed to Mr. Wilkin.

I am, &c.
(Signed) SALISBURY.

No. 2.

Foreign Office to Mr. Wilkin.

(Private.)

Dear Sir,

Foreign Office, January 1, 1889.

WE have this morning received a further telegram from Sir W. White about the Haïdar-Pasha Railway. He understands that the Porte has appointed a Special Commission to inquire as to the respective claims of the lessees and the Turkish Government; and he thinks it advisable that this opportunity of settling the amounts of the contested claims should not be disregarded by the lessees.

Sir W. White does not believe that either the Porte or the German concessionnaires wish for English co-operation in financing the new railway. The Grand Vizier, he is told, only suggested it with the view of terminating a troublesome affair, which would become still more complicated if the line were seized.

Sir W. White adds that he has done everything he possibly can in the way of persuasion and diplomatic representation to prevent the seizure.

I am, &c.
(Signed) PHILIP CURRIE.

* Mr. Wilkin, December 28, 1888.

No. 3.

Colonel Alt to the Marquis of Salisbury.—(*Received January 2.*)

My Lord, 14, *Queen Victoria Street, London, January* 2, 1889.

I HAVE the honour to annex, for your Lordship's information, a copy of a telegram I have this morning received, from which it would appear that the Turkish Government has determined upon taking forcible possession of our railway on Monday next, and, as your Lordship will observe by the text of the telegram, they would seem to base this action on their part upon the assertion that they have been informed by his Excellency Rustem Pasha that your Lordship sees no objection to this course.

Referring to a telegram from Sir William White to your Lordship, the purport of which was kindly communicated to me by the Foreign Office on the 31st ultimo, and in which the Grand Vizier informed Sir William White that "instructions would be sent to Rustem Pasha with a view to negotiations for an arrangement, and recommending that the lessees should try to conclude an arrangement with the German group through the mediation of Rustem Pasha," we have ascertained that his Excellency the Turkish Ambassador has not received instructions of any kind relating to this subject, and is consequently not empowered to act in the matter.

In reference to a subsequent telegram from Sir William White, also kindly communicated to us by Sir Philip Currie, intimating that the Porte has appointed a Special Commission to report upon the questions at issue between the lessees and the Turkish Government, I beg very respectfully to submit that this is not an unusual course adopted by the Turkish Government when it desires to defer indefinitely pressing questions at issue, and this telegram, taken conjointly with the previous one to which I refer above, gives the measure of the justice and consideration that we may expect to receive at the hands of the Turkish Government.

We have always held, under eminent advice, that the seizure of this line by the Turkish authorities before the settlement of pending questions would constitute an act of injustice and violence, the effect of which would be to gravely compromise our position and interests, for it is perfectly obvious that, assuming this act to be committed by the Turkish authorities, our claims would never obtain that justice to which we are entitled.

It cannot be said that we have not exhausted every means in our power to bring about a solution of these very serious difficulties in a manner satisfactory to all parties concerned, and which would also meet the very important political considerations involved, by a cordial understanding between English and German interests, and in this view we have approached, through Messrs. Ashurst, Morris, Crisp, and Co., our Solicitors, the Deutsche Bank at Berlin, proposing to them that we should send a delegate to confer with them as to an equitable basis of arrangement. The reply to our overtures, received this morning, only leads to the belief that they desire to defer any immediate solution, with the object, as we assume, of gaining time until the Turkish Government carries out the threat which is held to us of the seizure of the line.

Under these circumstances, we can but make an urgent appeal to your Lordship to take such action as, in your Lordship's judgment, may be needful in order to avert the threatened danger, and the disastrous consequences which must necessarily follow.

I have, &c.
(For the Locataires of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

Inclosure in No. 3.

Mr. Pears to Colonel Alt.

(Telegraphic.) *Varna, January* 1, 1889, 9·15 A.M.

LUNDI soir, 6 heures, avons reçu communication officielle que si présente [ligne] n'était livrée Lundi prochain vers midi elle serait saisie par la force, en nous rendant responsables des conséquences de notre refus. Chef [Sultan] prétend savoir de Général [Rustem Pacha], qu'après explications fournies à Oracle [Foreign Office] celui-ci aurait déclaré envoyer instructions à Agent [Sir William White] de laisser faire fort de cela. Dernier ordre obtenu sera exécuté si Oracle [Foreign Office] ne force Général [Rustem Pacha] communiquer ici le contraire. Faites agir énergique-

ment. Chef [Sultan] prend cette fois dispositions démontrent résolution exécuter sa mise en demeure.

No. 4.

Sir W. White to the Marquis of Salisbury.—(*Received January* 3, 1889.)

(No. 518.)
My Lord, *Constantinople, December* 29, 1888.

WITH reference to previous correspondence on the subject of the differences between the lessees of the Haïdar-Pacha Railway and the Ottoman Government, I have the honour to transmit herewith copies of letters which have passed between M. Pears, legal adviser to the lessees, and Her Majesty's Embassy.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 4.

M. Seefelder to Sir W. White.

M. l'Ambassadeur, *Constantinople, le* 18 *Décembre*, 1888.

J'AI l'honneur de résumer ci-après le résultat de mon entrevue de cette après-midi avec son Altesse le Grand Vizir, qui m'avait mandé à la Sublime Porte pour m'informer que dans une entrevue qu'il avait eue avec son Excellence M. de Radowitz, l'Ambassadeur d'Allemagne avait exprimé sa vive satisfaction d'entendre par son Altesse le Grand Vizir que le groupe de M. W. J. Alt était prêt à se joindre aux Allemands par moitié dans la Concession pour le chemin de fer d'Ismidt-Angora.

Que son Altesse me donnait au nom du Gouvernement Ottoman, ainsi qu'en celui de M. de Radowitz, l'assurance formelle que cette moitié restait réservée au groupe de M. Alt si celui-ci donnait le nom de la banque Anglaise qui garantirait pour cette moitié. Qu'aussitôt que M. Alt aurait indiqué le nom de cette banque son Altesse, d'accord avec M. de Radowitz, m'informeraient si cet accord serait à conclure ici ou à Berlin. Que tout ce qui pourrait être dû aux locataires du chemin de fer du chef de l'exploitation de la ligne de Haïdar-Pacha à Ismidt serait réglé séparément et payé par le Gouvernement Impérial, mais que nous devrions remettre la ligne sans délai.

J'ai objecté à son Altesse que la remise de la ligne devenait dans ce cas tout à fait inutile, cette remise étant exclue par la fusion même qui devait avoir lieu, mais son Altesse m'a répondu que le Conseil des Ministres exigeait cette remise et qu'elle devait avoir lieu, et par le fait même de cette remise la fusion serait facilitée et mieux appuyée par le Gouvernement Ottoman. J'ai de la peine à comprendre la conclusion des communications de son Altesse et je n'ai pas manqué de lui exposer que cette condition me semblait rendre par contre la fusion projetée plus difficile.

J'ai promis toutefois au Grand Vizir de transmettre à M. Alt ces communications que j'envisagerais satisfaisantes s'il pourrait être d'ores et déjà établi que le réglement du passé fût soumis à l'arbitrage et que la remise de la ligne fût exclue, d'autant plus qu'elle n'a aucune raison d'être pour le but visé de la fusion.

En portant ces faits à la connaissance de votre Excellence, j'ose espérer qu'elle voudra bien nous continuer son bienveillant appui pour qu'une mesure inutile ne vienne contrecarrer la bonne disposition que professent les deux partis d'arriver à une fusion de nature à donner satisfaction à tous les intérêts engagés, et je m'estimerais heureux si votre Excellence voudrait bien me faire savoir si ses informations à elle sont conformes et en accord avec les communications que m'a faites son Altesse le Grand Vizir.

Veuillez, &c.
(Signé) L. SEEFELDER.

Inclosure 2 in No. 4.

Mr. Pears to Sir W. White.

Excellency, 2, *Rue de la Banque, Constantinople, December* 19, 1888.

IN transmitting the letter inclosed by M. Seefelder, giving a report of his conversation yesterday with the Grand Vizier, will your Excellency permit me to

emphasize the statement which M. Seefelder makes that, should there be any arbitrary seizure of the railway, it would, in my opinion, enormously increase the difficulty of negotiations for arrangement with the Kaulla group, if, indeed, it did not almost necessarily put an end to them at once.

I have, &c.
(Signed) EDWIN PEARS.

Inclosure 3 in No. 4.

Mr. Des Graz to Mr. Pears.

Sir, *Constantinople, December* 20, 1888.

THE Ambassador has asked me to acknowledge the receipt of your communication of yesterday, together with one from M. Seefelder, from which his Excellency has received a confirmation of a rumour which had previously reached him, that the Grand Vizier was at last making an attempt of fulfilling a promise he had given the Ambassador long ago, to do his best in bringing about an amicable solution of this painful controversy.

Just because the Ambassador is sincerely desirous to see these differences satisfactorily solved and the British interests efficiently protected, his Excellency thinks he can do no better than leave any negociations which may be commenced entirely in the hands of the parties interested, and of their legal advisers.

Her Majesty's Embassy has unceasingly protested against the employment by the Imperial Ottoman Government of every kind of arbitrary or administrative measures in this matter, and has exhausted every kind of diplomatic remonstrance at its disposal.

Her Majesty's Ambassador is quite at a loss to understand the purpose of that passage of your letter emphasizing M. Seefelder's statement, or even the last paragraph of that gentleman's letter, as his Excellency had no knowledge, until its receipt, of the nature of the proposals made, nor would he consider himself justified in desisting from his continual protests until an arrangement was accepted by those of the parties who are directly interested, who are British subjects, and who are sole judges of their own interests.

I am, &c.
(Signed) C. DES GRAZ.

Inclosure 4 in No. 4.

Mr. Des Graz to Mr. Pears.

Sir, *Constantinople, December* 25, 1888.

THE Ambassador has heard that some erroneous impression is said to have been produced at the Sublime Porte from something that had been said in the House of Commons with regard to the threatened seizure of the Haïdar-Pacha Railway.

His Excellency would like to learn from you whether you have any confirmation of this allegation, and could give him any details on the subject.

The Ambassador is without any information, and is completely in the dark as to the intentions of his Government, but he is afraid that any attempt on his part to remove groundless misapprehensions might have the contrary effect, and weaken, in the eyes of the Ottoman Ministers, that produced by the protests of Her Majesty's Embassy, and which has made them refrain from taking any unjustifiable action up to the present moment.

His Excellency would be glad to have your opinion on this point.

I have, &c.
(Signed) C. DES GRAZ.

Inclosure 5 in No. 4.

Mr. Pears to Sir W. White.

Excellency, *Constantinople, December* 28, 1888.

I HAVE just learned, from a source which I have reason to believe is entirely trustworthy, that the statement in this day's "Levant Herald," to the effect that

notification will be given to-morrow that possession of the Haïdar-Pacha Railway must be given up within eight days is true; and, further, that if M. Seefelder, on behalf of the *locataires*, does not give up the railway, it will be taken by force. I learn that this is the result of a long interview which took place yesterday between the Minister of Public Works and Agop Pasha, Minister of Finance.

The suggestion, I am told is, when we are forcibly dispossessed, a certain sum (I hear, 1,000,000 fr.) will be deposited in a bank, and the whole matter referred to the Turkish Courts. I regret to say, I am afraid this is virtually the consequence of the belief existing at the Porte that such a proceeding would meet with the sanction of Her Majesty's Government. I hasten, however, to add that I know perfectly well that the Porte is in error in so thinking.

May I venture to suggest that, even at the last moment, a representation from your Excellency of the indignation that such a step would arouse in the financial world of London at such a violation of British interests might have the effect of arousing the Porte to refrain from taking such an arbitrary step.

I am, &c.
(Signed) E. PEARS.

Inclosure 6 in No. 4.

Mr. Pears to Mr. Des Graz.

Sir, *Constantinople, December* 26, 1888.

HIS Excellency's information entirely accords with mine. Upon the arrival of the statement that the English Government, as represented in the House of Commons, regarded the question as one for the Courts of Law, certain of the opponents of the English concessionnaires at once pointed out that the Porte need be under no apprehension of difficulties in case the line should be seized, because it was evident that the English Government only regarded the matter as one for the Ottoman Tribunals. If the statement made in this day's "Levant Herald" of the issue of an Iradé, approving of a final notice being given to the concessionnaires be true, I greatly fear that the belief that the English Government so regarded the question has greatly contributed to the issue of such an Iradé.

While it is unfortunate that the division between the *droit de préférence*, which is not a legal question in any strict sense, and the other claims against the Government which are fit subjects for arbitration or the Law Courts, was not kept distinctly in view, I regret that in answer to his Excellency's suggestion I do not see how the matter can be remedied. I can only add that my firm conviction is, that if the threatened seizure can be avoided, an amicable arrangement will be arrived at with the Kaulla group.

I am, &c.
(Signed) EDWIN PEARS.

Inclosure 7 in No. 4.

Mr. Des Graz to Mr. Pears.

Sir, *Constantinople, December* 28, 1888.

THE Ambassador desires me to acknowledge your letter of to-day, just received, and to say that he cannot accept your view that the Ottoman Government has not been given sufficiently clearly to understand the serious consequences of any arbitrary or administrative proceedings on its part with regard to the Haïdar-Pacha Railway, though, of course, you may not be aware of the successive and energetic warnings given repeatedly by Her Majesty's Embassy on that subject.

Although his Excellency does not think he could add anything stronger than what has been said, as you appear to wish it, the Ambassador will instruct Sir A. Sandison to see the Grand Vizier to-morrow, and to repeat these remonstrances once more to His Highness.

I am, &c
(Signed) C. DES GRAZ.

No. 5.

Colonel Alt to Foreign Office.—(Received January 3.)

Sir, 14, *Queen Victoria Street, London, January* 3, 1889.

REFERRING to my interview with you this afternoon, I deeply regret to learn from you that his Lordship the Marquis of Salisbury does not consider it necessary to send any further instructions to Sir William White in order to strengthen his hands in preventing the arbitrary violation of our rights and the forcible seizure of our railway, of which we have received notice from the Turkish Government, under an Imperial Iradé.

I venture most humbly and earnestly to beg that his Lordship will reconsider his decision on the subject, and that, as we are advised that the Sultan has not been fully informed of the true position of the matter, his Lordship will at least instruct Sir William White to bring it to the notice of His Majesty, which, as previously informed you, would, I believe, avert the threatened catastrophe.

I have, &c.
(For the Locataires of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

No. 6.

The Marquis of Salisbury to Sir W. White.

(No. 3.)
Sir, *Foreign Office, January* 4, 1889.

I HAVE received your Excellency's despatch No. 518 of the 29th ultimo, forwarding copies of correspondence between Her Majesty's Embassy and the legal adviser of the lessees of the Haïdar-Pacha Railway in regard to the matters in dispute between the latter and the Ottoman Government; and I have to state that the terms of your communications to Mr. Pears are approved.

I am, &c.
(Signed) SALISBURY.

No. 7.

The Marquis of Salisbury to Sir W. White.

(No. 4.)
Sir, *Foreign Office, January* 5, 1889.

WITH reference to your Excellency's despatch No. 518 of the 29th ultimo relative to the present position of the questions in dispute between the Porte and the lessees of the Haïdar-Pacha-Ismidt Railway, I transmit to you herewith, for your information, copies of further letters which have been received from Colonel Alt, together with copy of the reply which I have caused to be returned to that gentleman.*

I have taken an opportunity of speaking to the Turkish Ambassador on the subject, stating that I earnestly deprecated any seizure of the line made without the previous sanction of the Tribunals. Such an act, I said, involved great risk of injustice to the British lessees, and its apparently arbitrary character would have the effect of deterring capitalists from investing in railways in Asia Minor.

Rustem Pasha promised to convey this expression of our opinion to the Grand Vizier.

I am, &c.
(Signed) SALISBURY.

---

* Nos. 3, 5, and 9.

No. 8.

Colonel Alt to Foreign Office.—(Received January 7.)

Sir, 14, *Queen Victoria Street, London, January* 7, 1889.

I BEG to give you, for the information of his Lordship the Marquis of Salisbury, the painful intelligence of the forcible seizure of our railway by the Turkish Government, which has been conveyed to me this afternoon by a telegram, as follows:—

"*Péra, le 7 Janvier,* 1889, 2·52 *soir.*

"Alt, London.
"La ligne vient d'être saisie.—SEEFELDER."

In view of this state of things, it appears to me that the first step to be taken is to secure that the amount of 240,000*l.*, to be paid by the German concessionnaires for our property, should be withheld from the Turkish Government, as something towards meeting our claims, and until the same shall have been satisfied.

May I, therefore, earnestly beg that his Lordship may be pleased to take any such steps as he properly can to assist us in this respect, and that he will in the meantime telegraph to Sir William White with that object.

We are precluded from telegraphing to our agents in Constantinople because we are not allowed to do so in cypher, and the Turkish Government will not allow any messages to be delivered which in any way affect its interests.

I have, &c.
(For the Locataires of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

No. 9.

Foreign Office to Colonel Alt.

Sir, *Foreign Office, January* 7, 1889.

I AM directed by the Marquis of Salisbury to state, in reply to your letter of the 3rd instant, that his Lordship does not consider that he can properly instruct Her Majesty's Ambassador at Constantinople to address His Majesty the Sultan personally on the question of the Haïdar-Pacha Railway.

Lord Salisbury has, however, again spoken on the subject to the Turkish Ambassador at this Court, urging strongly that the Porte should abstain from any arbitrary action, and Rustem Pasha has promised to report these observations to his Government.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 10.

Sir W. White to the Marquis of Salisbury.—(Received January 8.)

(No. 1.)
(Telegraphic.) *Constantinople, January* 7, 1889, 7·10 P.M.

HAIDAR-PACHA Railway: My telegram to your Lordship No. 92 of the 26th ultimo.

This line has been seized by the Ottoman Government this morning without any judicial warrant, notwithstanding protest of M. Seefelder, the Austrian lessee, who represents his English partners.

No. 11.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 8.)

(No. 6A. Ext. 1.)
My Lord, *Constantinople, January* 7, 1889.

YOUR Lordship will have received my telegram No. 92 of the 26th ultimo with reference to the Haïdar-Pasha Railway.

The Ottoman Government, without any judicial warrant, and in disregard of the protest of the Austrian lessee, M. Seefelder, who acts for his English partners, effected the seizure of the above line this morning.

I had the honour to report the substance of the foregoing to your Lordship by telegraph this day.

I have, &c.
(Signed) W. A. WHITE.

No. 12.

The Marquis of Salisbury to Sir W. White.

(No. .)
(Telegraphic.) *Foreign Office, January* 8, 1889, 3·45 P.M.

YOUR telegram No. 1 of yesterday.

Lessees of Haïdar-Pacha Railway ask your good offices to obtain sequestration of money payable by German concessionnaires to the Porte, as suggested in your despatch No. 478 of 4th ultimo, pending settlement of their claims.

You are authorized to do what you properly can to assist them in the matter.

No. 13.

The Marquis of Salisbury to Sir W. White.

(No. 12. Ext. 1.)
Foreign Office, January 8, 1889.

Sir,

WITH reference to your telegram No. 1 of yesterday's date, I transmit to your Excellency herewith a copy of a letter from Colonel Alt,* announcing the seizure of the Haïdar-Pasha Railway by the Porte, and requesting your good offices in order that the money payable by the German concessionnaires to the Porte may be withheld, as was suggested in your despatch No. 478 of the 4th ultimo, pending an examination and settlement of the claims of the lessees.

I have to state that your Excellency is authorized to do what you properly can to assist them in this matter.

I am, &c.
(Signed) SALISBURY.

No. 14.

Colonel Alt to Foreign Office.—(Received January 8.)

January 8, 1889.

Sir,

WITH reference to the letter which I addressed to you yesterday announcing the forcible seizure of our line by the Turkish Government, I beg to hand you herewith, for the information of his Lordship the Marquis of Salisbury, a copy of the notarial protest against the then contemplated act of seizure, which protest was delivered to the Notariat of Pera by M. L. Seefelder, my co-lessee and representative at Constantinople on the 23rd December, 1888 (3rd January, 1889).

In my letter of yesterday I earnestly begged that his Lordship might be pleased to take such steps as he properly could to secure that the amount of 240,000*l.*, to be paid by the German concessionnaires to the Turkish Government for our property, should be impounded.

The Turkish Government having seized the line, there are two points which it is of the utmost importance to us should be kept in view, viz.:—

1. The impounding of the 240,000*l.* above mentioned.

2. The referring of all matters in difference between the Turkish Government and ourselves to independent arbitration.

With regard to the first point, his Lordship will recollect the confidential communication which he kindly authorized to be made to us of the statement taken down from the dictation of M. Kuhlmann, as representing the German concessionnaires, in the presence of Sir William White, on the 3rd December, 1888.

* No. 8.

M. Kuhlmann's statement was as follows:—

"Article 31 dit, 'dans le délai d'un mois après la remise de la susdite ligne Haïdar-Pacha-Ismid et des susdits travaux libre de toutes charges et empêchements les concessionnaires payeront au Gouvernement Impérial la somme de 6,000,000 fr.'

"Si même le Gouvernement Impérial aura remis la ligne de Haïdar-Pacha-Ismid à la Deutsche Banque, celle-ci ne peut payer les 6,000,000 fr. si la ligne n'est pas libre de toute charge et empêchement.

"Dans ce cas la Deutsche Banque, pour se délivrer de son obligation vis-à-vis du Gouvernement, déposera les 6,000,000 fr. dans une Banque, *e.g.*, le Crédit Lyonnais à Constantinople. A cette manière les créanciers Anglais ont un gage beaucoup plus sûr qu'en possédant une ligne de chemin de fer dont on prétend qu'elle ne donne pas des recettes nettes. Après le dépôt de ces 6,000,000 fr. le Gouvernement Ottoman sera beaucoup plus pressé de s'arranger avec les créanciers du chemin de fer pour attraper au moins une partie de cette somme. En tout cas il consentira plus facilement au moins à un arbitrage pour terminer plus vite le litige."

With regard to the second point, we are willing—as we have been all along—to refer all matters in difference to independent arbitration.

His Lordship will, no doubt, further recollect that the Turkish Government some time ago intimated to us that they proposed to appoint a Commission composed of five persons, of whom they nominated three (all being their own officials), and called upon us to nominate two. It would be impossible for us to submit to such a Tribunal, and, in fact, the unfairness of asking us to submit to any Tribunal in which the majority are appointed by the Turkish Government, who are one of the parties to the dispute, is manifest.

What we should prefer would be a single arbitrator agreed to both by the Turkish Government and ourselves, but in the event of our being unable to agree, we suggest that the fair and proper course is for the Turkish Government to appoint one arbitrator, and we to appoint the other, and for the two arbitrators to agree upon an umpire.

In view of the statement made by M. Kuhlmann to Sir W. White, we presume that the 240,000*l.* will not be paid over to the Turkish Government. We would ask that his Lordship would instruct Sir William White to use such influence as he may be able, to secure that the German concessionnaires shall carry out the pledge made by M. Kuhlmann on their behalf.

If this be done it is evident—as suggested by M. Kuhlmann himself—that the Turkish Government will be more disposed to submit to an independent arbitration.

We would also ask that his Lordship will instruct Sir William White to use his influence to secure the reference of all matters in difference to such an independent arbitration as we have indicated above.

In short, we ask that Sir William White may be instructed by his Lordship as far as possible to use his influence—

1. To inforce the deposit of the 240,000*l.*, as proposed by M. Kuhlmann;

2. To secure the reference of all matters in difference to independent arbitration.

In the earnest hope that his Lordship may be pleased to accede to this request, I have, &c.

(For the lessees of the Imperial Haïdar-Pacha to Ismidt Railway)
(Signed) W. J. ALT.

Inclosure in No. 14.

Protest.

A l'honorable Notariat de Péra,

JE, Soussigné, L. Seefelder, co-locataire et représentant les autres locataires, en même temps que Directeur du Chemin de Fer de Haïdar-Pacha à Ismidt, domicilié à Péra, ayant reçu le 19 (31) Décembre, 1888, à 5 heures et demie du soir, notification par voie de notaire d'une sommation de même date du Ministère des Travaux Publics, d'avoir à lui faire la remise de la ligne au plus tard le 26 Décembre, 1888 (v.s.), sans quoi il s'en serait saisi de force, je viens par la présente et par la même voie, afin d'arriver à temps, mais sans préjudice de la nationalité des intéressés, pas plus que des instructions que j'attends de Londres, où j'ai transmis le 1er Janvier, 1889, copie de la susdite sommation, y faire, et qualités, la réponse suivante.

En maintenant et réitérant ici tout ce qui a été exposé dans les lettres, notes,

mises en demeure, et protestations successives du 13 (25), 15 (27), et 17 (29) Septembre, 17 (29) Octobre, 8 (20) et 18 (30) Novembre, et 26 Novembre (8 Décembre), 1888, qui ont été adressées au Gouvernement Impérial dans l'intérêt des locataires, mais que le Ministère des Travaux Publics passe sous silence, je déclare repousser comme inadmissable et impossible la menace de prise de possession forcée de la ligne, car cela constituerait un acte arbitraire, un abus de pouvoir frustratoire de nos droits et attentatoire à la dignité du Gouvernement Impérial et au prestige de sa justice.

De quel droit veut-on nous déposséder avant terme ?

La sommation invoque des intérêts publics en souffrance ; mais ce sont là des grands mots vides de sens, car il est pourvu à la sauvegarde des intérêts publics par l'Article 41 du Cahier des Charges, qui prévoit et règle les cas de déchéance, lesquels n'ont rien de commun avec la faculté de racheter le bail dont le Gouvernement Impérial a déclaré vouloir faire usage par application de l'Article IX de la Convention, ainsi qu'il est dit dans la lettre du Ministère des Travaux Publics en date du 15 (27) Septembre dernier.

L'exercice de cette faculté n'est pas un droit public, mais un droit Conventionnel, et d'après les stipulations existantes (Article IX de la Convention combiné avec l'Article 49 du Cahier des Charges y relatif), la reprise de la ligne ne pouvant avoir lieu que dans le mois d'Octobre, qui suivra une notification préalable de quatre mois, il est évident que la remise de la ligne ne peut, à la rigueur, être exigée qu'au mois d'Octobre prochain, contre accomplissement des conditions et obligations y afférentes, mais pas actuellement, en moins de déchirer les Conventions.

En présence de ces faits et des contestations existantes le Ministère des Travaux Publics n'a pas le droit de déposséder violemment les locataires par un acte autoritaire qui rencontrera la réprobation du monde entier, sans obtenir au préalable contre eux un Jugement tranchant au moins la question du délai de la remise de la ligne.

Je mets par conséquent le Ministère des Travaux Publics en demeure de se munir au préalable d'un pareil Jugement, et s'il persiste dans sa résolution d'être le juge dans sa propre cause, je m'en appelle au Conseil d'État et ensuite au Conseil des Ministres pour qu'ils aient à m'entendre et à statuer contradictoirement sur cette nécessité de faire au moins précéder la dépossession d'un Jugement qui la prononce et en fixe le terme, et je mets le Ministère des Travaux Publics en demeure de suspendre toute exécution de sa menace de dépossession violente avant qu'il soit statué sur mon appel.

Sous toutes protestations et réserves que de droit me réservant en outre le recours au pied du trône.

Je requiers qu'un exemplaire soit notifié au Ministère des Travaux Publics en la personne de son Excellence le Ministre, ou qui pour lui, et qu'un autre exemplaire me soit restitué sous forme authentique.

(Signé) L. SEEFELDER.

Constantinople, ce 22 Décembre, 1888 (3 *Janvier*, 1889).

No. 15.

Sir W. White to the Marquis of Salisbury.—(*Received January* 9, 9 A.M.)

(No. 2.)
(Telegraphic.) *Constantinople, January* 9, 1889, 12·30 A.M.

YOUR telegram No. 1 of to-day.

It is essential for the lessees to lodge arrest in accordance with German law (on the payment for the railway coming to the Porte), and this must be done at the Deutsche Bank in Berlin, and also at its branch offices in London. I have said so to their lawyer here, Mr. Pears, some time ago, on which he answered me that all the proper steps had been taken.

There is no time to lose.

No. 16.

Sir W. White to the Marquis of Salisbury.—(*Received by telegraph, January* 9.)

(No. 8. Ext. 2.) *Constantinople, January* 8, 1889.

My Lord,

I HAD the honour to receive your Lordship's telegram of this day's date No. 1, and would state, in reply, that it is essential that the lessees should lodge an arrest or

attachment, which must be in accordance with German law (on the sums coming to the Porte in payment for the railway).

The Deutsche Bank at Berlin and its branch office in London are the proper places at which this should be done, and no time should be lost.

I was assured by Mr. Pears, the lessees' lawyer here, some time ago, that the proper steps had all been taken by them.

I had the honour to report the substance of the foregoing by telegraph to your Lordship to-day.

I have, &c.
(Signed) W. A. WHITE.

No. 17.

Sir W. White to the Marquis of Salisbury.—(*Received January* 10.)

(No. 6. Confidential.) *Constantinople, January* 6, 1889.

My Lord,

I HAVE the honour to transmit herewith to your Lordship a despatch which has been addressed to me by Mr. Law, with its inclosure, on the subject of financial situation in Turkey.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 17.

Mr. E. Law to Sir W. White.

(Confidential.) *Constantinople, January* 1, 1889.

Sir,

AS during the last few weeks I have had the opportunity of discussing the general financial situation with the leading financial men here, and as I have also studied various Reports and documents on the subject, I think it may be desirable that I should embody my general impressions in a short Memorandum, which I have the honour to inclose herewith.

I cannot pretend to give anything more valuable than impressions, as five weeks is manifestly a totally insufficient period for a searching study of so complicated a subject as Ottoman finance. The absence of any reliable official figures in the form of annual Budgets enhances the difficulty of forming any correct estimate of the resources of the country, but, if time allowed, I think a fairly approximate estimate could be arrived at by comparing the Reports of the Public Debt Administration, collecting Returns of Customs revenues, and making separate and prolonged inquiries concerning each of the different, still independent, sources of State income.

I have. &c.
(Signed) E. F. G. LAW.

Inclosure 2 in No. 17.

Impressions concerning Financial Situation.

THE first impression conveyed by the complaints of all business men by the undeniable straits in which the Government continually finds itself for small sums of ready money, and by the miserable stories of official corruption and unpaid salaries, is that an early financial crash is inevitable. A study of reliable documents on Turkish finance compiled by able men at different dates during the last thirty years shows, however, a continuous tone of apparently well justified despair during the whole of that period, and hence a second impression arises that what has lasted so long in such a condition may well continue to last, and that there must be some extraordinary vitality in a country which, since having been compelled to public bankruptcy, has borne the expenses of a great war, has expended large sums in armaments since that war, has lost important provinces, and to-day appears no worse off than it was thirty years ago. In 1880 the financial condition of the

country was chaos—no cash, no credit, and no accounts. To-day 5 per cent. Stock stands at 62, a 5 per cent. loan has just been issued at 70, a metallic currency has been substituted for discredited paper, and on all sides it is admitted that, bad as it may be, the financial administration is better than it ever was before.

As a general result of hearing the opinions of both pessimists and optimists, the conclusion appears inevitable that the condition of the country is not nearly so bad as it is generally painted. In spite of all complaints of depression and retrogression, I think that the general revenue of the country is steadily, if slowly, progressing, and there appears to me to be an incontrovertible proof of the truth of this idea in the fact that, with administrative expenses yearly increasing in this as in all other parts of the world, the deficits and financial difficulties do not seem to be more serious than they were years ago. It must be remembered, too, that the State is deprived of any benefit from the elasticity of a considerable portion of the revenue, that important sums have of late been paid out in cash towards the liquidation of old obligations, and that consequently any increase of income to meet increased expenditure must be found within a very limited area. The Reports of the Public Debt Administration, the only reliable figures readily obtainable, show an appreciable increase of revenue, and so far fully confirm the idea of a general improvement; but, unfortunately, the confirmation is weakened by the consideration that augmentation of income obtained by the Debt Administration is doubtless in great part due to the gradual establishment of a more efficient control in the remoter provinces of the Empire. The extraordinary diversity in the opinions of capable men, and the apparent extraordinary contradiction between such facts as a succession of Finance Ministers continually begging round the town for paltry sums, and, nevertheless, the credit of the country (as evidenced by the price of stock) improving rapidly, must be susceptible of explanation.

I cannot pretend to offer the satisfactory explanation required, but as my impressions are inclined to be optimistic, I will endeavour at least to show that the reasons for the beliefs of the pessimistic majority are not always well founded. In the first place, I fancy that the spread of pessimistic views is in great part due to Turkish officials. The man who continually, indiscriminately, and often fruitlessly begs for small sums urgently required at the moment, loses credit far quicker than the man who looks the position in the face, calculates what would be required to fully clear him, and seeks with discrimination a loan of sufficient amount to free him from the claims of numerous petty creditors. Turkish Finance Ministers appear to be always going round with the hat, and never to make a serious effort to fully clear their position. No loan of late years has done more than afford momentary relief, and a swarm of small creditors are always crying down the credit of the country. Again, nothing can produce a worse effect on the European mind than the howls of officials claiming arrears of salary and suffering real distress for want of money, but to a Turkish Finance Minister unpaid officials are simply like other creditors, and perhaps even they appear as creditors whose claims it is particularly safe and easy to neglect. It is in Constantinople that the lamentations of the unpaid servants of the State reach the European ear, and it is not unnaturally assumed that what is bad at the capital must be worse in the provinces; and yet on careful inquiry, it appears certain that this is an entirely false assumption, and that, on the contrary, the great majority of provincial officials are fairly well paid. This latter fact would appear to be contradicted by the reports of the provincial Governors, whose piteous complaints of the abject poverty of their districts are ever reaching Constantinople, but on inquiry I learn that the provincial poverty is often simulated. A provincial Governor has two chief duties, to maintain order in the province and to send money to Constantinople. If he employs his revenues locally, and sees his subordinates paid, he finds it easy to perform the first duty and maintain order. If he proves to demonstration that there is not a penny which can possibly be sent to Constantinople, he may hope to be excused for non-performance of the second duty. Hence the policy of a provincial Vali is clearly marked out.

After the Turkish officials, the next most important detractors of the State credit are the Constantinople bankers and merchants. These gentlemen's discontent is also susceptible of some explanation. The State having parted with the control of its most easily managed sources of revenue, being particularly anxious to retain the Customs in its own hands, and having in days gone by paid very high for all assistance from the Galata bankers, has now little inclination to seek their aid, and has, at the same time, less tangible security to offer for their advances. These circumstances have at least temporarily stopped all business between the State and the bankers. The latter miss their former profits, and are contemptuous in their expressions concerning the endeavours of the Government to seek assistance outside their groups. Meanwhile, also the importance of Constantinople as a commercial centre appears to be somewhat decreasing, and the number of credit

establishments has increased, so that the bankers find it difficult to employ their money profitably on the old lines.

As regards the merchants, they suffer still more than the bankers from increased competition, and from the absence of corresponding progress in the commercial activity of the capital. . . . .

This increased competition has, however, nothing to do with the financial condition of Turkey, and the loss of the northern provinces, accompanied by a generally acknowledged local development of trade in Asia Minor, must necessarily affect business in Constantinople, although it proves nothing as to the general commercial prosperity of the country.

As against all these reasons for discrediting the opinions of the pessimists, there is only one argument of the optimists which appears to me to require qualification. I refer to the high price of Turkish stock, and with regard to this, I must point out that latterly there has been an extraordinary rise in the price of all foreign stock in the money market, and consequently, as far as Turkey has only participated in a general rise, there is no proof of increased stability. It must at the same time be borne in mind that when the general depression of foreign stocks, now anticipated, takes place, there will be no reason for specially discrediting Turkey for a fall in the value of her securities.

My general impression of the position is, that the decentralization of revenue due to the vilayet system and the assignment of special revenues has left comparatively small sums under the immediate control of the Finance Minister to meet Imperial, as distinguished from local, expenditure. Imperial expenditure is concentrated at Constantinople, and although the amount of deficit is not excessive, it is here that the shoe pinches, and the pressure, owing to bad management, is continual and acute. Were the entire revenue and expenditure of the country in one category, the deficit, which I have heard fixed by competent judges at 2,000,000*l.*, would not appear in any way dangerous, and, by capable management, might easily be provided for. At the same time the deficit does exist, and the pressure produced is undoubtedly serious, and, though no crash need be feared in a normal condition of affairs, any abnormal disturbance, such as a serious insurrection or war, might provoke an immediate crisis.

As a result of the above considerations, it appears to me necessary to accept the possibility of a sudden collapse of Ottoman finance. Such a collapse would before anything else involve the failure of the Porte to keep its undertakings to the bondholders and the seizure of the ceded revenues for Imperial requirements. After such an event, it is evident that on the first opportunity there would be an international intervention to once more restore financial order, and to secure some new protection for international financial interests. It does not therefore seem a vain speculation to consider briefly the merits and demerits of the present system, and to point out where, should foreign interference once more endeavour to regulate Turkish finance, some permanent and important improvement might be made.

I believe that the last arrangement of the foreign debt erred in several important points. It was revolutionary rather than constructive. It gave an unnecessary and galling appearance of dependence to Imperial authority within its own dominions. It crippled unnecessarily Turkish credit, and played into the hands of Bourse speculators. It increased unnecessarily the expenses of revenue administration, and, finally, it pronounced a judicial separation between Turkish credit and the powerful group of financiers, the founders of the Ottoman Bank. It appears to me that there was only one object which could be and properly was sought, viz., the obtaining entire control of the collection of a sufficient revenue to meet the annual charge agreed upon as necessary to satisfy the claims of the bondholders. The less Turkish authority was overtly interfered with the better for the external credit and internal prestige of the Ottoman Government, and the greater the probability of the duration of the arrangement. I find, by a perusal of the original Statutes of the Ottoman Bank, that, had the conditions therein contained been fully acted upon, the necessary basis for controlling Turkish expenditure existed ready to hand.

I think it would have been advisable to have worked constructively on this basis rather than to have had recourse to such a revolutionary measure as the introduction of a brand new administration. The evident theory of the establishment of the Ottoman Bank was that it should act as cashier to the Turkish Ministry of Finance, and that an honest and capable control should be provided over the collection of revenues and the effecting of payments authorized by the Finance Minister. This with a slight development appears to me all that is required. The Turkish Government might have full liberty in preparing its own Budget, both for income and expenditure, and it would make all necessary laws regulating the amount and nature of taxation. The Budget having been prepared, the collection of revenue and the making of payments in accordance with its provisions could with safety and advantage be left to the duly authorized and in detail

independent management of the servant of the State, the State Bank. In one word, all legislative and administrative authority would remain in the hands of the Government, whilst full executive power would be placed in the hands of a capable and honest Administration. Under such a system, the fullest security would be obtained for any specified payments, by simply making an instruction to the Bank that certain fixed payments were to be a first charge on all revenues, and to be paid as a matter of course before any other items set forth in the Budget. It would be necessary to appoint a small International Commission to audit the accounts of the Bank, and to see that all revenues did come into its hands, that all expenditure corresponded with the provisions of the Budgets, and that specified sums had been given a due priority for payment. Such a Commission of auditors would be no more galling to Turkish authority than are the auditors of a limited liability Company to the administration of the Directors and Manager. The audit Commission would continue its duties until such time as all payments abroad for the special supervision of which it was appointed had been completed, and before that time it is probable that habits of careful and honest administration would have taken root in the country.

This arrangement would maintain good relations between the Turkish Government and the most important group of financiers who have interested themselves in the finance of the country, and also, as the very existence of the auditors would be unknown in the provinces, the Imperial authority would appear in all matters supreme in the eyes of the people. Also, whilst at present we have four separate Administrations often working at cross-purposes, viz., the officials of the Finance Minister, the officials of the Debt Administration, the officials of the Régie, and, lastly, a nearly useless State Bank, we should, under the system above sketched out, have one homogeneous and harmonious executive authority, with a consequent important reduction in the overgrown expenses of a complicated and divided Administration.

As regards the injurious effects of the present system on State credit, I have already pointed out how the State is deprived of any benefit from the elasticity of the revenue, how a proportionately small deficit assumes in appearance unreasonable proportions, and how Turkish finance is crippled in attempting to make satisfactory and reasonable arrangements for justifiable loans. Regarding the manner in which Bourse speculations are encouraged, I can only agree on this head with the opinion expressed in a Memorandum on this subject communicated to Her Majesty's Ambassador from another quarter. I consider that it was an error to divide the Guaranteed Debt into different classes, and that the rate of 1 per cent. interest was too low. A consolidated 3 per cent. Stock of smaller nominal value would have been preferable. I do not think that it was a mistake to provide for the amortisation of the old debt, but I think that if this was insisted upon, the Turkish Government should be allowed to contract according to its necessities new loans similar in amount to whatever might be paid off by the amortisation, giving a guarantee for the interest on such new loans by making a second charge on all revenues under the continued assurance of the supervision of the international auditors.

In conclusion, I would point out that the interests of the present Debt Administration are often divergent from those of the State. The object of the administration is to secure in every year the highest figure for remittance to the bondholders without any consideration for the permanent material welfare of the population.

It is certain that tobacco cultivation is suffering under the system of the Régie, and it is equally certain that the high price of salt, which is a trifling consideration to the inhabitants of towns, is a grievous injury to an agricultural population accustomed to give salt largely to their horses and cattle. Yet such modifications of taxation, as a wise Finance Minister might desire to institute, have become practically impossible.

Having, however, remarked on the failings of the Debt Administration, it is only right to point out one enormous boon which it has conferred on the Turkish Empire. It has trained a body of 4,402 employés, Turkish subjects, and nearly all Mussulmans, to habits of methodical, accurate, and honest work. The Council is able in its reports to speak highly of the conduct of these men, and, consequently, an absolute proof has been given that, with reasonable direction from above, a Mussulman Administration can perfectly adapt itself to the requirements of advancing civilization.

(Signed) E. F. G. LAW, *Commercial Attaché.*

Constantinople, December 31, 1888.

No. 18.

Colonel Ait to Foreign Office.—(*Received January* 10.)

Sir, 14, *Queen Victoria Street, London, January* 10, 1889.

REFERRING to Sir James Fergusson's answer in Parliament to the question of Sir Robert Fowler on the 27th November last, in which reply it was stated that "In the present stage of the matter there seems to be no sufficient reason for instructing Her Majesty's Ambassador to take the unusual step of making a personal representation to the Sovereign on the subject of a private claim;" and in view of the extent to which the Turkish Government have proceeded in arbitrarily dispossessing us of our property, I would again venture most humbly to ask his Lordship the Marquis of Salisbury whether the time has not now arrived when a representation might be made by Her Majesty's Ambassador to the Sultan, and that His Majesty's sense of justice might be appealed to to reinstate us in the rights of which we have been so wantonly deprived, or at least that His Majesty's Ministers might be instructed to acquiesce in the 6,000,000 fr. to be paid by the German concessionnaires, being held at the disposal of arbitrators to be appointed for examining and deciding upon all questions at issue between us and the Turkish Government.

I am convinced that (influenced as the Sultan is by a notoriously corrupt *entourage*) the merits of our case, and its importance as affecting Turkish credit, have not been properly represented to His Majesty; and for these reasons I earnestly hope his Lordship may now be able to instruct Sir William White to approach the Sovereign of Turkey upon the subject of our wrongs.

I have, &c.

(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway)

(Signed) W. J. AIT.

No. 19.

Rustem Pasha to the Marquis of Salisbury.—(*Received January* 10.)

RUSTEM PACHA présente ses compliments au Marquis de Salisbury, et dans le but de faire voir à sa Seigneurie le peu de fondement des accusations portées contre le Gouvernement Ottoman par les locataires de la ligne de chemin de fer de Haïdar-Pacha à Ismid, lesquels, ainsi que leurs bailleurs de fonds, cherchent à faire croire au Gouvernement et au public Anglais qu'ils sont victimes d'un acte de spoliation, il a l'honneur de lui transmettre ci-inclus, à titre confidentiel et pour son information, un extrait de compte qui démontre que loin de se trouver débiteur de la Compagnie, le Gouvernement Ottoman est son créancier pour une somme considérable. Il résulte de ce compte que depuis le commencement de l'exploitation, la Compagnie ne s'est jamais acquittée en totalité de la somme représentant, d'après le Contrat, le loyer de la ligne; et que même après déduction des frais de réparation autorisés par le Gouvernement Ottoman, les arriérés de loyer qui lui sont dus s'élèvent à plus de 5,900,000 piastres.

Londres, le 10 *Janvier*, 1889.

Inclosure in No. 19.

COMPTE du Chemin de Fer de Haïdar-Pacha à Ismid.

		Pcs. c.
Du 1er Avril, 1880, au 31 Avril, 1881—		
Part revenant au Gouvernement Ottoman	.. .. ..	1,038,391 30
Somme versée	.. .. ..	865,672 93
Somme restant due	.. .. ..	172,718 37
Du 1er Avril, 1881, au 31 Avril, 1882—		
Part revenant au Gouvernement Ottoman	.. .. ..	968,639 88
Somme versée	.. .. ..	44,512 52
Somme restant due	.. .. ..	924,117 36
Du 1er Avril, 1882, au 31 Avril, 1883—		
Part revenant au Gouvernement Ottoman	.. .. ..	1,100,124 38
Somme versée	.. .. ..	218,778 03
Somme restant due	.. .. ..	881,046 35

Du 1/13 Avril, 1885, au 8/20 Avril, 1884—		
Part revenant au Gouvernement Ottoman	.. .. ..	1,051,965 39
Somme versée	.. .. ..	182,588 72
Somme restant due	.. .. ..	869,376 67
Du 1/13 Avril, 1884, au 8/20 Avril, 1885—		
Part revenant au Gouvernement Ottoman	.. .. ..	985,370 63
Somme versée	.. .. ..	91,984 57
Somme restant due	.. .. ..	893,386 06
Du 1/13 Avril, 1885, au 8/20 Avril, 1886—		
Part revenant au Gouvernement Ottoman	.. .. ..	808,408 72
Somme versée	.. .. ..	93,821 17
Somme restant due	.. .. ..	714,587 54
Du 1/13 Avril, 1886, au 8/20 Avril, 1887—		
Part revenant au Gouvernement Ottoman	.. .. ..	785,154 09
Somme versée	.. .. ..	7,322 23
Somme restant due	.. .. ..	777,831 86
Du 1/13 Avril, 1887, au 8/20 Avril, 1888—		
Part revenant au Gouvernement Ottoman	.. .. ..	702,281 58
Somme versée	.. .. ..	—
Somme restant due	.. .. ..	702,281 58
Du 1/13 Avril, 1888, à fin Août, 1888—		
Part revenant au Gouvernement Ottoman	.. .. ..	322,416 04
Somme versée	.. .. ..	—
Somme restant due	.. .. ..	322,416 04
Total revenant au Gouvernement Ottoman	.. ..	6,258,361 83
Intérêts	.. ..	2,176,543 66
Total des parts dues, avec intérêts	.. ..	8,434,905 49
Sommes restées dues au Gouvernement Ottoman par les locataires pour rails et approvisionnements divers vendus à eux	.. ..	753,245 63
Total général dû au Gouvernement Ottoman	.. ..	9,188,151 12
Sommes restant dues fin Août aux locataires pour frais de réparation	..	3,231,814 00
Reste dû au Gouvernement Ottoman	.. ..	5,956,337 12

N.B.—Sur le total versé par les locataires au Gouvernement Impérial 300,301 prs. 91 c. restent à vérifier.
A ajouter à ces comptes les sommes à payer au Gouvernement Impérial à partir de fin Août, 1888 (v. s.) jusqu'à la livraison de la ligne.

No. 20.

Colonel Alt to Foreign Office.—(Received January 11.)

14, *Queen Victoria Street, London, January* 11, 1889.

Sir,

AS further bearing upon the illegality of the act of the Turkish Government in seizing our property, and for the information of the Marquis of Salisbury, I have the honour to annex copy of a communication addressed by our legal adviser, Mr. Edwin Pears, on the 3rd January to Sir William White, and beg that his Lordship's attention may be called to the opinion Mr. Pears expresses, and which is confirmed by M. Pedrelli, an Austrian advocate of large experience in Ottoman as well as international law, that the Minister of Public Works had absolutely no right to seize the railway before a sentence had been obtained from a competent Tribunal declaring that our Convention gave him the right to do so.

I am further advised by our representative in Constantinople that a legal opinion has also been expressed that the action of the Turkish Government is altogether contrary to Ottoman as well international law.

I have, &c.
(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

Inclosure in No. 20.

Mr. Pears to Sir W. White.

Constantinople, January 3, 1889.

Excellency,

HEREWITH I beg to transmit a copy of the reply which M. Seefelder, on his own behalf and as representing the other lessees of the Haïdar-Pacha Railway, has to-day sent to the Minister of Public Works. We have, as your Excellency will observe, almost limited ourselves to one point, namely, that the Minister of Public Works has absolutely no right to seize the railway until it is in possession of a sentence from a competent Tribunal declaring that the Concession gives him the right so to do. Such competent Tribunal is, in my opinion and that of M. Pedrelli, the legal adviser of M. Seefelder, the Council of State.

But whether we are right or not on this point, no one with the slightest knowledge of law would venture to assert that a seizure like that threatened, in the absence of a Judgment or of legal process, is not of the most scandalous, arbitrary, and monstrous character.

I may point out to your Excellency that, if the Porte wished to effect such a seizure, it is properly not for us to claim the negative before the competent Tribunal, but for the Minister of Public Works, who wished to dispossess us, to summon us before such Tribunal. We therefore, as your Excellency will observe, state our intention of appealing to such Tribunal in case the menace to seize the railway is continued. To seize the line without a Judgment will be an arbitrary act, absolutely inexcusable, and one which the Porte has not dared to attempt in the far weaker case of the Hirsch Railway.

I have, &c.
(Signed) EDWIN PEARS.

No. 21.

The Marquis of Salisbury to Sir W. White.

(No. 15.)

Foreign Office, January 11, 1889.

Sir,

THE Turkish Ambassador called at the Foreign Office to-day and made the following communication respecting the Haïdar-Pacha and Ismid Railway.

His Excellency stated that the successive delays granted to the lessees of the railway for the surrender of the line having expired without any steps being taken by them towards that end, the Imperial Government had been compelled to take possession of it, though without the employment of force. The Porte, conscious of its rights, had acted administratively in order no longer to compromise the future of an undertaking of great utility to the country, which had been delayed for more than two years by the conduct of the lessees, as the latter had themselves been unable to carry it out under the Firman which had been granted to them for the purpose. Legal proceedings would have caused delay to the great detriment of the Porte, but the interests of the lessees would not suffer by the course pursued, as the Imperial Government were prepared to discuss with them their reciprocal claims, either amicably or before the Tribunals.

Rustem Pasha added that, notwithstanding the large sum which was owing to the Turkish Government by the lessees, the Porte had deposited 100,000 fr., representing the price of the repurchase of the line, and a further sum of 1,000,000 fr. as a guarantee for any claims or indemnity to which the lessees might be found to be entitled after an examination of the accounts.

I am, &c.
(Signed) SALISBURY.

No. 22.

The Marquis of Salisbury to Sir W. White.

(No. 16.)

Foreign Office, January 12, 1889.

Sir,

I HAVE received your Excellency's despatch No. 516 of the 20th ultimo, informing me of a conversation you had had with the Grand Vizier on the subject of

the Haïdar-Pacha Railway question; and I have to state that the language which you held to his Highness as to the injustice of an administrative seizure of the line without any judicial decision having been obtained with regard to the points in dispute between the lessees and the Porte, is approved by Her Majesty's Government, as well as the advice which you gave to Mr. Pears, the legal adviser of the lessees, to endeavour to come to an arrangement with the German concessionnaires.

I am, &c.
(Signed) SALISBURY.

No. 23.

The Marquis of Salisbury to Sir W. White.

(No. 17.) *Foreign Office, January* 14, 1889.

Sir,

I HAVE received your despatch No. 7 of the 8th instant, and its inclosures, relative to the seizure by the Ottoman authorities, on the previous day, of the Haïdar-Pacha-Ismidt Railway, and inclosing a Report by Mr. Stavrides of an interview which, under instructions from your Excellency, he had had with the Grand Vizier on the subject.

Your proceedings in the matter are approved by Her Majesty's Government.

I am, &c.
(Signed) SALISBURY.

No. 24.

The Marquis of Salisbury to Rustem Pasha.

Foreign Office, January 14, 1889.

M. l'Ambassadeur,

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 10th instant, in which you forward accounts to show that the lessees of the Haïdar-Pacha-Ismidt Railway are indebted to the Sublime Porte to an amount of upwards of 6,000,000 piastres, or about 55,000*l.*

The lessees, on their side, produce accounts to show claims against the Ottoman Government of more than 260,000*l.*

It appears to Her Majesty's Government that claims so widely conflicting are eminently matter for investigation by an impartial arbitor.

Her Majesty's Government have not the necessary information to form an opinion upon the actual merits of the case, but they cannot but greatly regret the arbitrary seizure of the line by the Ottoman authorities without any attempt to obtain a judicial decision on the points at issue; and they must express their earnest hope that the Sublime Porte, in a spirit of equity, will take steps for the treatment of the matter in conformity with the principles of law and justice.

I have, &c.
(Signed) SALISBURY.

No. 25.

Foreign Office to Colonel Ait.

Foreign Office, January 14, 1889.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letters of the 8th, 10th, and 11th instant, relative to the seizure of the Haïdar-Pacha-Ismidt Railway. Copies of these communications will be forwarded to Her Majesty's Ambassador at Constantinople.

Sir W. White has, as you are aware, been authorized to do what he properly can to assist you in establishing a lien on the 240,000*l.* payable by the German concessionnaires to the Porte, pending examination and settlement of your claims. His Excellency will also continue to use his efforts to procure a reference of those claims to impartial arbitration, and Lord Salisbury will advise the same course in his communications with the Turkish Ambassador.

But his Lordship directs me to say that he sees no reason to alter the opinion he has already expressed that the matter is not one on which he can instruct Her

Majesty's Ambassador to take the unusual course of making a personal representation to His Majesty the Sultan.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 26.

Imperial Ottoman Bank to Foreign Office.—(Received January 15.)

London, January 14, 1889.

Dear Sir,

REFERRING to the interview which you were good enough to grant me on the 22nd December, I now inclose, copied from a printed document before me, the proposal which I informed you had been submitted to His Majesty the Sultan.

Doubtless, however, you have had a copy ere this, as I have every reason to believe that the English Ambassador has been cognizant of it from the first.

I am, &c.
(Signed) W. LANDER.

Inclosure in No. 26.

L'ARRANGEMENT conclu[illegible] s
effectué dans les circonstances très désavantageu[illegible] pt
Deux ans auparavant, sous la pression d'une grande [illegible] six
Ottoman se trouva amené non seulement à placer dans les mains de ses [illegible]
de ses meilleurs revenus, mais encore à assigner des ressources en perspective et à engager d'avance l'augmentation future d'une grande partie des taxes indirectes de l'Empire.

Il serait oiseux d'examiner aujourd'hui si l'on n'aurait pu conclure, à cette époque, un arrangement plus favorable; mais en admettant que le compromis de 1881 a été tout ce que l'on pouvait faire de mieux en ce moment-là, il présente des défauts si évidents et si sérieux que personne ne peut lui accorder le droit d'existence éternelle que ses auteurs espéraient évidemment lui assurer.

Le principe fondamental de l'arrangement est fortement sujet à objections, parce qu'il introduit un recors dans la maison Ottomane, dont la présence, sans être d'aucune façon bienfaisante, constitue une intrusion coûteuse, inquisitoriale, humiliante, et dérogatoire.

Elle crée, en outre, pour la masse de la Dette Ottomane, une position artificielle qui rend impossible à la Porte d'user d'une façon quelconque du crédit général de l'Empire, et les méthodes ordinaires pour se procurer l'argent nécessaire aux besoins de l'État sont mises hors de sa portée.

En effet, puisque le principe qu'on peut appeler du "recors" a été adopté à l'égard de la masse de la dette, tout nouvel emprunt, toute avance, toute consolidation de la dette flottante doivent être soumis au même principe; toute opération doit être couverte par une affectation spéciale et le revenu assigné placé sous le contrôle étranger, autrement le *consortium* sur lequel compte le Trésor Ottoman n'aura rien à dire à ce dernier.

Cet état de choses tend à faire graduellement passer tout le système financier de l'Empire dans des mains étrangères et à assujettir politiquement la Porte à des influences privées n'ayant pas la moindre sanction et n'offrant aucune garantie quant à la manière et à la direction dans lesquelles ces influences seront exercées.

Le crédit de l'Empire Ottoman en général est sans doute à un très bas niveau, et le seul moyen de le relever est d'en user avec sagesse. Mais dans les circonstances actuelles on ne peut en user du tout et par conséquent, l'occasion manque de le relever. Le présent état de choses est un aveu public et une déclaration permanente d'incapacité financière créant un état de dépendance et par là même, d'impuissance politique hautement préjudiciable à tous les intérêts.

L'avantage résultant pour les créanciers du système du "recors" est plus apparent que réel, car plus le recors s'efforcera d'élargir sa sphère d'action et de rendre encore

the Haïdar-Pacha Railway question; and I have to state that the language which you held to his Highness as to the injustice of an administrative seizure of the line without any judicial decision having been obtained with regard to the points in dispute between the lessees and the Porte, is approved by Her Majesty's Government, as well as the advice which you gave to Mr. Pears, the legal adviser of the lessees, to endeavour to come to an arrangement with the German concessionnaires.

I am, &c.
(Signed) SALISBURY.

No. 23.

The Marquis of Salisbury to Sir W. White.

(No. 17.)
Foreign Office, January 14, 1889.

Sir,

I HAVE received your despatch No. 7 of the 8th instant, and its inclosures, relative to the seizure by the Ottoman authorities, on the previous day, of the Haïdar-Pacha-Ismidt Railway.

[N.B.—Sir W. White's No. 7 of the 8th January, acknowledged in No. 23, will be found on p. 25, *infra*, printed as received on the 17th January instead of the 12th.]

No. 24.

The Marquis of Salisbury to Rustem Pasha.

Foreign Office, January 14, 1889.

M. l'Ambassadeur,

I HAVE the honour to acknowledge the receipt of your Excellency's note of the 10th instant, in which you forward accounts to show that the lessees of the Haïdar-Pacha-Ismidt Railway are indebted to the Sublime Porte to an amount of upwards of 6,000,000 piastres, or about 55,000*l.*

The lessees, on their side, produce accounts to show claims against the Ottoman Government of more than 260,000*l.*

It appears to Her Majesty's Government that claims so widely conflicting are eminently matter for investigation by an impartial arbiter.

Her Majesty's Government have not the necessary information to form an opinion upon the actual merits of the case, but they cannot but greatly regret the arbitrary seizure of the line by the Ottoman authorities without any attempt to obtain a judicial decision on the points at issue; and they must express their earnest hope that the Sublime Porte, in a spirit of equity, will take steps for the treatment of the matter in conformity with the principles of law and justice.

I have, &c.
(Signed) SALISBURY.

No. 25.

Foreign Office to Colonel Ait.

Foreign Office, January 14, 1889.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letters of the 8th, 10th, and 11th instant, relative to the seizure of the Haïdar-Pacha-Ismidt Railway. Copies of these communications will be forwarded to Her Majesty's Ambassador at Constantinople.

Sir W. White has, as you are aware, been authorized to do what he properly can to assist you in establishing a lien on the 240,000*l.* payable by the German concessionnaires to the Porte, pending examination and settlement of your claims. His Excellency will also continue to use his efforts to procure a reference of those claims to impartial arbitration, and Lord Salisbury will advise the same course in his communications with the Turkish Ambassador.

But his Lordship directs me to say that he sees no reason to alter the opinion he has already expressed that the matter is not one on which he can instruct Her

Majesty's Ambassador to take the unusual course of making a personal representation to His Majesty the Sultan.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 26.

Imperial Ottoman Bank to Foreign Office.—(*Received January* 15.)

London, January 14, 1889.

Dear Sir,

REFERRING to the interview which you were good enough to grant me on the 22nd December, I now inclose, copied from a printed document before me, the proposal which I informed you had been submitted to His Majesty the Sultan.

Doubtless, however, you have had a copy ere this, as I have every reason to believe that the English Ambassador has been cognizant of it from the first.

I am, &c.
(Signed) W. LANDER.

Inclosure in No. 26.

FINANCES OTTOMANES.

Notes sur l'Arrangement du 20 Décembre, 1881.

L'ARRANGEMENT conclu avec les bondholders en 1881, a été un compromis effectué dans les circonstances très désavantageuses pour la Porte.

Deux ans auparavant, sous la pression d'une grande adversité, le Gouvernement Ottoman se trouva amené non seulement à placer dans les mains de ses créanciers six de ses meilleurs revenus, mais encore à assigner des ressources en perspective et à engager d'avance l'augmentation future d'une grande partie des taxes indirectes de l'Empire.

Il serait oiseux d'examiner aujourd'hui si l'on n'aurait pu conclure, à cette époque, un arrangement plus favorable; mais en admettant que le compromis de 1881 a été tout ce que l'on pouvait faire de mieux en ce moment-là, il présente des défauts si évidents et si sérieux que personne ne peut lui accorder le droit d'existence éternelle que ses auteurs espéraient évidemment lui assurer.

Le principe fondamental de l'arrangement est fortement sujet à objections, parce qu'il introduit un recors dans la maison Ottomane, dont la présence, sans être d'aucune façon bienfaisante, constitue une intrusion coûteuse, inquisitoriale, humiliante, et dérogatoire.

Elle crée, en outre, pour la masse de la Dette Ottomane, une position artificielle qui rend impossible à la Porte d'user d'une façon quelconque du crédit général de l'Empire, et les méthodes ordinaires pour se procurer l'argent nécessaire aux besoins de l'État sont mises hors de sa portée.

En effet, puisque le principe qu'on peut appeler du "recors" a été adopté à l'égard de la masse de la dette, tout nouvel emprunt, toute avance, toute consolidation de la dette flottante doivent être soumis au même principe; toute opération doit être couverte par une affectation spéciale et le revenu assigné placé sous le contrôle étranger, autrement le *consortium* sur lequel compte le Trésor Ottoman n'aura rien à dire à ce dernier.

Cet état de choses tend à faire graduellement passer tout le système financier de l'Empire dans des mains étrangères et à assujettir politiquement la Porte à des influences privées n'ayant pas la moindre sanction et n'offrant aucune garantie quant à la manière et à la direction dans lesquelles ces influences seront exercées.

Le crédit de l'Empire Ottoman en général est sans doute à un très bas niveau, et le seul moyen de le relever est d'en user avec sagesse. Mais dans les circonstances actuelles on ne peut en user du tout et par conséquent, l'occasion manque de le relever. Le présent état de choses est un aveu public et une déclaration permanente d'incapacité financière créant un état de dépendance et par là même, d'impuissance politique hautement préjudiciable à tous les intérêts.

L'avantage résultant pour les créanciers du système du "recors" est plus apparent que réel, car plus le recors s'efforcera d'élargir sa sphère d'action et de rendre encore

plus forte la prise qu'il a sur le système financier de l'Empire, plus l'idée d'émancipation, que toute contrainte aiguise, prendra une forme de plus en plus concrète dans l'esprit du Gouvernement.

Le Décret de 1881 n'est point un contrat; il revêt un caractère unilatéral ne différant pas de celui de tout autre Décret, en ce qu'il est également sujet à la prérogative Impériale. Or, toute extension, toute aggravation du principe du recors est donc un pas en avant vers le point où les nécessités impérieuses de l'existence politique exigeront l'exercice de cette prérogative. Il n'y a par conséquent rien de réellement stable dans la situation actuelle dont bénéficient certains intérêts privés.

Avant d'aller plus loin, il est désirable de revenir sur les dispositions du Décret de 1881 qui assignaient et aliénaient non seulement, pour ainsi dire, les poussins dans l'œuf, mais les œufs mêmes non pondus contenant les ressources fiscales en perspective non seulement l'augmentation des revenus des Douanes, grâce aux nouveaux Traités encore à conclure, mais aussi le produit de la taxe des patentes alors à l'état de projet et non encore appliquée à l'heure qu'il est, sans compter le tribut problématique de la Bulgarie et l'excédent des revenus de l'Ile de Chypre engagés (pratiquement) d'avance.

L'esprit dans lequel on négocia l'Arrangement de 1881 avait moins pour objet de constater ce que la Porte pouvait réellement payer, que d'arriver à un résultat déterminé d'avance lorsque les négociations n'étaient pas encore entamées. L'affectation des tributs Bulgare et Cypriote que l'on savait bien être illusoire, servit de prétexte pour obtenir de la Porte, en attendant la disponibilité de ces ressources, une affectation ultérieure de £T. 230,000 par an, garantie sur la dîme du tabac et par des traites sur la Douane; et l'on fit produire à cet Arrangement la somme fixée d'avance par une nouvelle hypothèque sur la taxe du tombéki pour une somme de £T. 50,000 par an.

Cela fut conclu en présence du fait évident que par l'affectation des six revenus la Porte s'était déjà dépouillée de ressources pour une somme plus forte que l'état du Budget ne le permettait.

Mais bien qu'on puisse avancer, en faveur de cette exaction, que Mr. Bourke s'était assuré du minimum des conditions que le Comité des bondholders de Londres accepterait, on ne saurait avancer cet argument à l'appui d'une affectation éventuelle de revenus encore à créer. Le but réel de ces conditions était de placer l'avenir comme le présent dans les mains du recors et de fortifier sa mainmise sur le système financier de l'Empire.

En outre, à part ses défauts de principe, l'Arrangement de 1881 présente aussi de sérieux défauts de forme. Cela provient du désir de créer une "situation élastique," favorable à la spéculation. Ainsi, au lieu de déclarer clairement aux bondholders qu'ils n'avaient rien à attendre au delà de l'annuité qu'on leur assurait, les négociations rehaussaient leur position en faisant briller aux yeux des créanciers la perspective d'une annuité plus élevée à l'avenir, perspective qui était en réalité fallacieuse, car, bien que les revenus concédés montrent quelque élasticité, il a dû être évident pour les négociateurs de l'Arrangement de 1881, qu'avec un Budget en déficit et une dette flottante considérable, non consolidée, toute expansion de revenus que l'avenir pourrait amener serait péremptoirement requise pour les besoins de l'État.

En vue de colorer l'illusion d'une augmentation éventuelle du dividende, on adopta le taux de 1 pour cent d'intérêt, et la conversion qui suivit donna à toute la dette (à l'exception des obligations de priorité et de lots Turcs, que je sépare du restant de la dette et dont je parlerai tout à l'heure) le type d'un titre 1 pour cent qui, parmi tous ceux que l'on pouvait imaginer, ne se négocie que sur le marché restreint de la spéculation et non sur le vaste marché de l'épargne.

Le seul argument en faveur de ce type est que l'on évitait par là la nécessité d'une plus forte réduction du capital nominal; mais si nous excusons, de ce chef, la timidité des négociateurs, nous pouvons toutefois seulement admettre que l'adoption du type 1 pour cent a pu avoir ses avantages comme mesure de transition là où manquait l'énergie pour opérer la réduction nécessaire dictée par les circonstances.

Mais le maintien d'un capital nominal si hors de proportion avec l'annuité disponible pour le dividende, est une illusion en ce qui concerne un avantage quelconque pour les bondholders.

Un titre 1 pour cent n'est pas négociable sur le marché général, en dehors du cercle restreint de la spéculation, à quelque bas prix qu'il soit, parce que le taux de 1 pour cent, comparé au montant nominal du titre, constitue une déclaration si éloquente de la faiblesse de l'emprunteur qu'elle éloigne l'épargne et le capitaliste prudent.

C'est pourquoi l'épargne n'achète pas de valeurs Turques; ce stock devient ainsi

de plus en plus déclassé et tombe entre les mains des spéculateurs. Qu'il en ait été ainsi, et cela dans une mesure qui embarrasse la spéculation elle-même, c'est ce que prouve le fait que depuis la hausse du taux de l'escompte, les journaux financiers qui sont les organes attitrés de la spéculation, portent aux nues les "Petites Turques" et conseillent avec insistance au public d'en acheter.

Tout le stock de la Série (A) se trouve maintenant entre les mains d'un petit nombre d'opérateurs, promptement avertis de la position privilégiée pour ce qui concerne l'amortissement, réservée à cette série par l'Arrangement de 1881. Ce stock étant peu considérable est facile à manipuler au désavantage de l'action du fonds d'amortissement qui opère par achat et dont l'action se trouve naturellement retardée à mesure de l'augmentation des prix. Mais ceux-ci doivent continuer à s'élever, car le fonds d'amortissement de ½ pour cent sur le capital de toute la dette, fixé par le Décret, s'élève à 3 *pour cent* sur le capital de la Série (A), fixé par le Décret, et à 5 *pour cent* sur le montant de ce qui reste encore à amortir.

Il est, en outre, à remarquer que la division de la Dette Ottomane en séries devant successivement jouir du fonds d'amortissement, en détruit l'unité et engendre une confusion qui, ajoutée au type du titre n'ayant qu'un marché restreint de pure spéculation, tend de plus en plus à rendre impopulaires et à déclasser les valeurs Ottomanes.

Il est bon de faire observer ici que dans l'état actuel du Budget Ottoman un fonds d'amortissement est une absurdité. Les valeurs Turques donnent maintenant environ 6½ pour cent d'intérêt, et il n'y a aucun avantage à les amortir pour emprunter de nouveau à 7 pour cent, ou plutôt pour emprunter à Galata à 15 et 20 pour cent avec "compensations," et consolider ensuite à 7 pour cent.

On verra, par ce qui précède, qu'en fait de Rente—le grand soutien de tous les États emprunteurs—la Turquie a les mains liées. Elle ne peut se servir du type qu'elle possède parce qu'il n'est pas goûté par l'épargne; elle ne peut le changer à cause de la position privilégiée dans laquelle se trouve l'ancienne dette. Il s'ensuit que, lorsque les circonstances exigent la consolidation d'une dette flottante quelconque, la Turquie est obligée d'avoir recours à des emprunts d'une forme spéciale, comme l'Emprunt-Douane de 1886, en s'éloignant ainsi de plus en plus de l'unité si désirable, en faisant de plus en plus le jeu des spéculateurs, en fortifiant de plus en plus la position du recors, et en compromettant de plus en plus son indépendance financière.

Il est donc à prévoir qu'à une époque plus ou moins éloignée, la Turquie sera amenée par la force des circonstances à briser ses chaînes financières et à reprendre la libre disposition de sa bourse et de son crédit. Si cela se produisait abruptement, comme en 1875, les conséquences en pourraient être sérieuses; il vaut donc la peine d'examiner s'il ne serait pas possible de prévenir une perturbation pareille en procurant à la Porte un degré d'aisance et indépendance financières qui pût au moins reculer le danger à une époque éloignée et donner le temps nécessaire au remède à obtenir par le développement de l'industrie et l'expansion des revenus.

Sans essayer ni prétendre de formuler un plan complet dans ce but, on peut suggérer quelques idées à cet égard, pouvant peut-être aider de plus compétents que nous à combiner un projet pour l'atteindre.

En premier lieu, il semble désirable sous tous les rapports, que le recors s'en aille de la maison Ottomane, dans laquelle il a assumé une position presque dictatoriale, remplaçant dans maints points importants l'autorité Impériale.

Le Conseil de la Dette Publique, qui coûte à l'État 15,000*l.* environ par an, a pour mission: (1) d'administrer les cinq contributions et la dîme des tabacs; (2) de recevoir la redevance de la Régie, les traites du Trésor sur la Douane, et le tribut de la Roumélie-Orientale; (3) de prendre les arrangements nécessaires pour la transmission de ces fonds, d'en déterminer le taux d'intérêt et le fonds d'amortissement, et de les justifier. Les opérations indiquées aux alinéas 2 et 3 sont des opérations ordinaires de banque, et si le Conseil de la Dette n'existait pas, elles seraient faites par un banquier. Elle n'exigent aucunement l'intervention d'un corps comme le Conseil de la Dette Publique. *Par conséquent, la vraie raison d'être du Conseil est d'administrer les cinq revenus cédés et les dîmes des tabacs*, et la seule raison pour qu'il dût continuer à le faire est qu'une Administration étrangère est plus régulière qu'une Administration indigène. N'existe-t-il pas un moyen par lequel le Conseil de la Dette Publique pourrait être relevé de ses fonctions d'administrateur des revenus cédés, tout en maintenant la direction étrangère de l'Administration?

Le principe d'affermage des revenus, lorsqu'il y a avantage à l'appliquer, a été admis, jadis, dans le système Ottoman, sur une vaste échelle. On l'applique

aujourd'hui à deux branches de revenus fiscaux : la dîme sur les produits agricoles, affermée au Multizim, et la taxe sur les tabacs, affermée pour un certain nombre d'années à un *consortium* étranger. Il n'y aurait donc rien de répugnant aux principes de la Porte ni rien de contraire à ce qu'elle pratique, si les cinq revenus cédés étaient affermés à un *consortium* d'après le principe de la cointéress [?] sous lequel la Régie des tabacs a été constituée.

Comme entreprise, l'affermage des revenus cédés ne présenterait aucunement les difficultés et les risques que rencontrent les fermiers de la taxe sur les tabacs en appliquant un système entièrement nouveau sur un champ inexploré. Le capital requis à cet effet ne serait pas considérable ; les données statistiques des six années dernières offrant une base certaine à cet égard. Le système de fonctionnement est établi, et il n'y aurait aucune difficulté à fixer les chiffres d'une concession par laquelle la Compagnie fermière paierait à l'État une redevance annuelle fixe égale à la moyenne nette des revenus pendant les cinq dernières années, en partageant l'excédent dans des proportions à établir avec le Trésor Impérial.

Par ce moyen, pendant qu'on maintiendrait l'Administration étrangère, *on substituerait une agence purement commerciale, fonctionnant en vertu d'une Concession Ottomane, à une agence qui assume une position presque officielle*, et possédant, *de facto*, la faculté de veto à l'égard des opérations de crédit proposées ou ordonnées par l'État.

Il est évident que, tout en admettant la nécessité de maintenir, sous une forme quelconque, le système d'affectations spéciales auquel les bondholders se sont habitués, la Régie et la Compagnie fermière des cinq revenus pourraient remettre le montant de leur redevance respective directement aux banquiers chargés du service de la dette, sans le faire d'abord passer par les mains d'un Conseil dont les membres sont nommés par les bondholders.

Ayant par ces moyens rendu inutile la présence d'un Conseil de la Dette Publique, et le recors étant ainsi mis hors de la maison, l'autre pas à faire serait d'améliorer la situation de la dette, autant que les circonstances le permettent, et l'on pourrait peut-être y parvenir le mieux par une conversion générale (à l'exception des lots Turcs), y compris les priorités et les obligations-Douane, en une rente consolidée perpétuelle, 3 pour cent, qui serait le type permanent et unique de la Rente Ottomane.

Il serait à désirer que cette mesure s'effectuât de façon à provoquer le moins d'opposition possible de la part d'une classe quelconque de bondholders, et en vue d'assurer à ce nouveau type de rente le plus possible de prestige et de faveur.

Pour ce qui concerne les détenteurs des Séries (B), (C), et (D), il est improbable que de sérieuses objections s'élèvent de leur part entre la conversion. Six ans au moins doivent s'écouler avant que même la Série (B) puisse participer au fonds d'amortissement, et il faudra douze ou quinze ans encore pour que la Série (C) puisse y participer à son tour. Il est donc à présumer que les détenteurs de ces trois séries préféreraient le titre 3 pour cent, de cours plus facile sur le marché général, au type 1 pour cent, même avec l'éventualité éloignée d'un amortissement, et qu'ils comprendraient que la réduction de deux tiers du capital nominal ne représente pas une perte mais qu'elle promet, au contraire, un gain réel, grâce à la raréfaction qui en résulterait de la masse encombrante de titres existant aujourd'hui, et grâce à la substitution d'un type plus apte à être goûté par l'épargne.

Les détenteurs de la Série (A) ne sauraient être traités sur le même pied que ceux des autres séries. Il serait nécessaire de leur fournir une compensation pour la perte du fonds d'amortissement, ce que l'on pourrait effectuer par une distribution supplémentaire de nouveaux titres de Rente. On pourrait, probablement, satisfaire ces détenteurs avec un débours annuel bien moindre que le montant du fonds d'amortissement. Le stock de cette série existant aujourd'hui est d'environ 5,000,000*l.* (1 pour cent) égal à 1·66 million, 3 pour cent. La différence réelle de prix (comptant) entre la Série (A) et les autres est d'environ 11*l.* par titre de 100*l.*, c'est-à-dire un total de 550,000*l.*, comptant, ou au taux actuel 1,223,000*l.*, environ, de stock 3 pour cent, représentant une annuité de 36,700*l.*, contre 230,000*l.* du fonds d'amortissement actuel. Sur cette base, approximativement parlant, on pourrait trouver un point d'entente.

Pour ce qui concerne les priorités 5 pour cent, le capital est aujourd'hui de £ T. 7,000,000 environ. Elles ont droit, aux termes du Décret, à une annuité de £ T. 590,000. Si on les convertissait au moment actuel, il y aurait à capitaliser une annuité de £ T. 350,000, à 3 pour cent, de sorte que ces obligations représenterait un peu plus de 10,000,000 de stock 3 pour cent plus la compensation pour une annuité de fonds d'amortissement de £ T. 240,000, moins ½ pour cent pour commission de banque sur toute l'annuité ; mais ces chiffres se modifient chaque année sous l'action du fonds d'amortissement.

Les obligations-Douane, portant 5 pour cent d'intérêt et 1 pour cent de fonds d'amortissement, représentaient originairement (1886) une somme de £ T. 6,500,000, aujourd'hui réduite à £ T. 6,350,000, par l'amortissement. On devrait traiter ces obligations de la même façon que les priorités, et l'on devrait en faire autant pour l'Emprunt de la Deutsche Bank de 1,500,000*l.*, qu'on vient de conclure, c'est-à-dire, récapitaliser l'intérêt annuel à 3 pour cent et compenser le fonds d'amortissement par un équivalent en 3 pour cent niveau.

On verra par ce qui précède que la charge totale annuelle pour fonds d'amortissement qui pèse aujourd'hui sur le Trésor Ottoman est comme suit :—

	£ T.
½ pour cent sur les emprunts du Décret, environ	250,000
Priorités	240,000
Obligations-Douane	65,000
Emprunt Deutsche Bank	33,000
	588,000

outre les 140,000*l.* pour les lots Turcs que je n'ai pas compris dans l'énumération, car ils ne portent pas d'intérêt. On pourrait réaliser une grande économie par la conversion de tous ces fonds d'amortissement en un équivalent de titres 3 pour cent.

L'annuité reçue de la Régie et des revenus cédés couvrirait à environ £ T. 400,000 près, tout le montant requis pour le service de la Rente 3 pour cent, et l'on pourrait combler la différence au moyen de traites mensuelles sur la Douane, fournies par le Ministre des Finances.

Pour ce qui est des garanties, il est à craindre que le système pernicieux d'affectations spéciales ne puisse être balayé d'un seul coup, mais on pourrait le modifier considérablement et déraciner le contrôle qui s'y attache.

Une fois toutes les transformations indiquées dans ces notes mises entièrement à exécution, le Sultan pourrait promulguer un Iradé ordonnant que la redevance de la Régie et celle de la Compagnie qui entreprend le fermage des cinq revenus, soient transmises chaque mois aux banquiers chargés du service de la Dette 3 pour cent, et que pour la somme requise à parfaire l'annuité, le Ministre des Finances remette chaque mois aux banquiers chargés du service de la Dette Publique une traite sur la Douane pour une somme égale à une douzième partie du montant qui manque. Cet Iradé pourrait être communiqué diplomatiquement aux Puissances, leur donnant ainsi un droit discrétionnaire d'intervention au cas d'une violation quelconque de ses dispositions.

En outre, dans le Firman instituant le 3 pour cent comme type national de Rente publique, on pourrait déclarer, comme condition *sine qua non* de toute nouvelle inscription de Rente sur le Grand Livre, que l'Iradé ordonnant l'inscription déterminerait les revenus appliqués au service de la nouvelle émission, et ordonnerait la transmission régulière de ces revenus aux banquiers chargés de ce service.

De cette façon le recors serait mis hors de la maison Ottomane, le contrôle et toutes les responsabilités qui s'y rattachent seraient dévolus à la Porte, le Gouvernement Ottoman serait responsable pour tout manque de foi ou infraction, non pas envers une Commission Mixte nommée par un nombre de Syndicats établis de leur propre autorité, mais envers d'autres Gouvernements, et il recouvrerait ainsi sinon son indépendance complète, du moins un degré de celle-ci qui ferait disparaître le manque de dignité et la contrainte pénible du présent état de choses.

Les autres avantage seraient :—

1. La charge actuelle pour fonds d'amortissement serait remplacée par une annuité d'un bien plus faible montant.

2. Un type uniforme pouvant être facilement négocié sur le marché général serait substitué au titre incommode actuellement existant, lui assurant ainsi une plus large clientèle de la part de l'épargne.

3. L'augmentation en perspective des taxes existantes et futures maintenant affectée, se trouverait dégagée et la Turquie pourrait espérer d'apporter l'équilibre dans son Budget.

4. La dîme du tabac, du tombéki, et l'excédent du tribut de Chypre seraient dégagés, de même que les fantômes du tribut Bulgare et des parts contributives des États Balkaniques.

Pour ce qui concerne les lots Turcs on pourrait prier la Banque de Bulgarie de remettre la redevance Rouméliote directement à la Banque chargée du service de ces obligations.

Si les suggestions ci-dessus exposées avaient été développées dans tous leurs détails, ces notes auraient assumé les dimensions d'un gros volume. L'auteur a, par

conséquent, cru mieux faire, pour le moment, en esquissant les grandes lignes des idées que ces notes ont pour but de mettre en avant, et en se réservant de les développer, si c'est nécessaire, dans un autre moment.

No. 27.

Sir W. White to the Marquis of Salisbury.—(Received January 15, 2 P.M.)

(No. 3.)
(Telegraphic.) *Constantinople, January 15, 1889, 11·40 A.M.*

MY telegram No. 2 of 9th to your Lordship.

It is most urgent that the legal attachment and [protest ?] against the payments coming to the Ottoman Government from the Deutsche Bank should be made without the least delay at that Bank at Berlin, and copies served on their Representatives here. This must be done in strict conformity to German law, as I had the honour to state in my previous telegram above referred to, and if this is not carried out promptly the responsibility will rest with the parties who neglect this measure for the protection of their own rights.

Pray communicate this to parties.

No. 28.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 15.)

(No. 12. Ext. 3.) *Constantinople, January 15, 1889.*

My Lord,

I HAD the honour on the 8th instant to address a telegram to your Lordship (No. 2) on the subject of the seizure of the Haïdar Pacha Railway, and the course to be followed by the lessees with reference to their claims on the payments coming to the Ottoman Government from the Deutsche Bank.

It is most urgent that the legal attachment on, as well as the protest against, these sums should be effected at once, without any loss of time, at the offices of the Bank at Berlin, and copies of these documents should without fail be served on the persons who represent it here.

As I had the honour of stating in my above-mentioned telegram, the requirements of German law must be strictly adhered to, otherwise, if this be not done, and that promptly, the parties will, by having neglected to take the proper steps to protect their own rights, alone be responsible for the consequences.

I should esteem it a favour if your Lordship would cause the parties interested to be informed of this.

I had the honour to communicate the substance of the above to your Lordship by telegraph to-day.

I have, &c.
(Signed) W. A. WHITE.

No. 29.

The Marquis of Salisbury to Sir W. White.

(No. 2.)
(Telegraphic.) *Foreign Office, January 15, 1889, 6·30 P.M.*

YOUR telegram No. 3.

Colonel Ait states that proper notice of attachment has already been served at Berlin and here.

Copies will be sent to-morrow to Mr. Pears for service at Constantinople.

No. 30.

Sir W. White to the Marquis of Salisbury.—(Received January 17.)

(No. 7.) *Constantinople, January 8, 1889.*

My Lord,

I HAD the honour to report to your Lordship by telegraph yesterday the seizure of the Ismidt-Haïdar-Pacha Railway by the Ottoman authorities *manu militari*, under energetic protest on the part of M. Seefelder who was present on the occasion, and who is an Austro-Hungarian subject, and one of the lessees of that line representing on this occasion his partners.

No notice was given by the Porte either to Her Majesty's Embassy or to Her Majesty's Consulate-General of any such intention.

I believe that any impartial person must admit that everything that could be done diplomatically by Her Majesty's Embassy under your Lordship's instructions has been done to prevent the Porte from having recourse to such a violent and arbitrary measure.

Your Lordship will see from the inclosures the correspondence which has reached me from Mr. Pears, the legal adviser of the lessees, on this subject since I had last the honour to report upon it.

I beg to add copies of two Reports I have received from Mr. Stavrides, the legal Dragoman of this Embassy, on the 4th and 5th instant, in which he states his view of the Turkish law as bearing on this matter.

Under my instructions, Mr. Stavrides waited upon the Grand Vizier to point out to his Highness the obvious legal arguments, but I am sorry to say he failed to produce any effect, as appears from his above-quoted Report to me.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 30.

Mr. Pears to Sir W. White.

Constantinople, January 3, 1889.

Excellency,

HEREWITH I beg to submit a copy of the reply which M. Seefelder, on his own behalf and as representing the other lessees of the Haïdar-Pacha Railway, has to-day sent to the Ministry for Public Works. We have, as your Excellency will observe, almost limited ourselves to one point, namely, that the Minister of Public Works has absolutely no right to seize the railway until it is in possession of a sentence from a competent Tribunal, declaring that the Concession gives him the right to do so. Such competent Tribunal is, in my opinion, and in that of M. Pedrelli, the legal adviser of M. Seefelder, the Council of State. But whether we are right or not on this point, no one with the slightest knowledge of law would venture to assert that a seizure like that threatened, in the absence of a Judgment or of legal process, is not of the most scandalous, arbitrary, and monstrous character. I may point out to your Excellency that if the Porte wishes to effect such a seizure, it is properly not for us to claim the negative before the competent Tribunal, but for the Minister of Public Works who wishes to dispossess us to summon us before such Tribunal.

We, therefore, as your Excellency will observe, state our intention of appealing to such Tribunal in case the menace to seize the railway is continued. To seize the line without a Judgment will be an arbitrary act absolutely inexcusable, and one which the Porte has not dared to attempt in the far weaker case of the Hirsch Railway.

I have, &c.
(Signed) E. PEARS.

Inclosure 2 in No. 30.

Memorandum by M. Seefelder.

A l'honorable Notariat de Péra,

JE, Soussigné, L. Seefelder, co-locataire et représentant les autres locataires en même temps que Directeur du Chemin de Fer de Haïdar-Pacha à Ismidt, domicilié à

Péra, ayant reçu le 19 (31) Décembre, 1888, à 5 heures et demie du soir, notification par voie de notaire d'une sommation de même date du Ministère des Travaux Publics d'avoir à lui faire la remise de la ligne au plus tard le 26 Décembre, 1888 (v. s.), sans quoi il s'en serait saisi de force, je viens par la présente et par la même voie afin d'arriver à temps, mais sans préjudice de la nationalité des intéressés, pas plus que des instructions que j'attends de Londres, où j'ai transmis le 1er Janvier, 1889, copie de la susdite sommation, y faire ès-qualités la réponse suivante.

En maintenant et réitérant ici tout ce qui a été exposé dans les lettres, notes, mises en demeure, et protestations successives du 12 (24), 15 (27), et 17 (29) Septembre, 17 (29) Octobre, 9 (20) et 18 (30) Novembre, et 26 Novembre (8) Décembre, 1888, qui ont été adressés au Gouvernement Impérial dans l'intérêt des locataires, mais que le Ministre des Travaux Publics passe sous silence, je déclare repousser comme inadmissible et impossible la menace de prise de possession forcée de la ligne, car cela constituerait un acte arbitraire, un abus de pouvoir frustatoire de nos droits et attentatoire à la dignité du Gouvernement Impérial et au prestige de sa justice.

De quel droit veut-on nous déposséder avant terme? La sommation invoque des intérêts publics en souffrance, mais ce sont là des grands mots vides de sens, car il est pourvu à la sauvegarde des intérêts publics par l'Article 41 du Cahier des Charges qui prévoit et règle les cas d'échéance, lesquels n'ont rien de commun avec la faculté de racheter le bail dont le Gouvernement Impérial a déclaré vouloir faire usage par l'application de l'Article IX de la Convention, ainsi qu'il est dit dans la lettre du Ministère des Travaux Publics en date du 15 (27) Septembre dernier.

L'exercice de cette faculté n'est pas un droit public, mais un droit Conventionnel et d'après les stipulations existantes l'Article IX de la Convention combiné avec l'Article 40 du Cahier des Charges y relatif, la reprise de la ligne ne pouvant avoir lieu que dans le mois d'Octobre qui suivra une notification préalable de quatre mois, il est évident que la remise de la ligne ne peut à la rigueur être exigée qu'au mois d'Octobre prochain, contre l'accomplissement des conditions et obligations y afférentes, mais pas actuellement, à moins de déchirer les Conventions.

En présence de ces faits et des contestations existantes, le Ministère des Travaux Publics n'a pas le droit de déposséder violemment les locataires par un acte autoritaire, qui rencontrera la réprobation du monde entier, sans obtenir au préalable contre eux un Jugement tranchant au moins la question du délai de la remise de la ligne.

Il met par conséquent le Ministère des Travaux Publics en demeure de se munir au préalable d'un pareil Jugement, et s'il persiste dans sa résolution d'être le juge dans sa propre cause je m'en appelle au Conseil d'Etat et ensuite au Conseil des Ministres, pour qu'ils aient à m'entendre et à statuer contradictoirement sur cette nécessité de faire (au moins) précéder la dépossession d'un Jugement qui la prononce et en fixe le terme, et je mets le Ministère des Travaux Publics en demeure de suspendre toute exécution de sa menace de dépossession violente avant qu'il soit statué sur mon appel.

Sous toutes protestations et réserves que de droit, me réservant en outre le recours au pied du trône.

Je requiers qu'un exemplaire soit notifié au Ministère des Travaux Publics en la personne de son Excellence le Ministre ou qui pour lui, et qu'un autre exemplaire me soit restitué sous forme authentique.

(Signé) L. SEEFELDER.

Constantinople, le 22 Décembre, 1888 (3 *Janvier*, 1889).

Inclosure 3 in No. 30.

Memorandum.

WITH reference to the Haïdar-Pacha Railway question, I have the honour to submit the following considerations:—

The arguments adduced by the tenants in support of their claim to preference in the concession of the extension of the line are undoubtedly strong enough, but the point at issue at the present moment is not whether they are right or wrong as to their vindication of the right of preference, but whether they can be dispossessed *manu militari* and without recourse to law. Now it is a generally admitted principle, and the law of the Empire, that the "zi'l yed," which means a man who possesses something, cannot be dispossessed of the same except by the hand of the law. Consequently, the Sublime Porte would establish a very bad precedent by arbitrarily seizing the line

without previously obtaining a verdict from a competent Tribunal. The Sublime Porte has, I believe, been warned several times by Her Majesty's Embassy to abstain from such a rash action. If, therefore, the Porte, in spite of this warning, seizes the line by violence, it will have to bear the consequences. I agree with Mr. Pears in the opinion that the Council of State is the competent Tribunal to try and decide the case, because all questions between the Government and private individuals are, according to the law, within the jurisdiction of that body.

(Signed) C. G. STAVRIDES.

Pera, January 4, 1889.

Inclosure 4 in No. 30.

Memorandum from Mr. Stavrides to Sir A. Sandison.

IN obedience to his Excellency's orders, I called this afternoon on the Grand Vizier, who was kind enough to receive me.

I said that I was instructed by his Excellency to communicate with his Highness on the subject of the contemplated seizure of the Haïdar-Pacha line. I then stated that the lessees contend that they cannot be dispossessed without a Judgment of a competent Court, and that, in the opinion of his Excellency, this contention deserves his Highness' serious consideration, because, according to a generally admitted principle and to the established law, a "zi'l yed" cannot be dispossessed except by the hand of the law. I added that, if his Highness has any doubt about it, we are willing to abide by the decision of the Council of State on this point, in case his Highness is pleased to refer the question to that body.

His Highness said that the Council of State is dependent upon the Council of Ministers, and that there is a decision of the latter body to the effect that the line should be taken possession of without recourse to any Tribunal.

I asked permission to observe to his Highness that the Council of State had by law judicial attributes which the Council of Ministers had not, and that that was, I believe, the reason why his Excellency was anxious to have a decision from that body. His Highness answered that there was a reason of public interest, and that the Government would not have been justified in submitting to the delays of the law Courts and in allowing the public interest to suffer thereby. "We are ready," added his Highness, "to pay any indemnity the lessees may have a right to. I have made many advantageous proposals to them up to the present moment, which they have declined to accept. I do not know what they really want. Is it an indemnity? We are ready to pay it if it is decided by a Commission *ad hoc* that such indemnity is due. Would they have submitted the whole case to the Council of State? I would have agreed. Do they complain that they had not a four months' notice, and that the four months have not yet elapsed? Three months have passed since they received such notice, and I was willing to grant them one month more if they had bound themselves to quit at the expiration of that delay. It seems to me," continued his Highness, "that their object is to compel by such delays the present concessionnaires to combine with them. They are aware that I have done all that was in my power to help them in the attainment of that object, but they could not agree. In conclusion," said his Highness, "I cannot allow a matter of public interest to be kept in abeyance on such futile pretexts as those put forward by the lessees."

Seeing that his Highness was unwilling to discuss the question from a legal point of view, and that I had nothing to say when his Highness argued an administrative policy and on *raisons d'État* and public interest, I limited myself to stating that I should have the honour to report his Highness' answer to his Excellency the Ambassador.

There is one statement of his Highness' which I have omitted to mention, namely, that he has sent all the papers and documents connected with this matter to London, and that they will be published in the papers.

(Signed) C. G. STAVRIDES.

Pera, January 5, 1889.

PUBLIC RECORD OFFICE, LONDON

No. 31.

The Marquis of Salisbury to Sir W. White.

(No. 20. Confidential.) *Foreign Office, January 17, 1889.*

Sir,

I HAVE received your Excellency's despatch No. 6, Confidential, of the 6th instant, forwarding a Report by Mr. Law on the impressions derived by him during his recent visit to Constantinople with regard to the general financial situation in Turkey; and I have to request that you will convey to Mr. Law my best thanks for this interesting and suggestive paper.

I am, &c.
(Signed) SALISBURY.

No. 32.

Sir W. White to the Marquis of Salisbury.—(Received January 18, 1889, 6 P.M.)

(No. 4. Confidential.)
(Telegraphic.) *Constantinople, January 18, 1889, 11·50 A.M.*

MY telegram No. 3 of 15th instant, and your Lordship's No. 2 of the same day.

I am informed that Colonel Alt's notice to Deutsche Bank at Berlin consists of an English letter, dated London, 10th, of which a notarial copy was delivered to that Bank, and which I am told by a competent person cannot be considered as an attachment properly served under the requirements of the German law. Colonel Alt and his friends ought to be specially cautioned of this, which is a matter of utmost importance. The sum due to the Ottoman Government for the proprietorship of the railway seized, of which Colonel Alt, &c., were the lessees, becomes due early next month; and if once paid in full we shall have the utmost difficulty in recovering this claim from the Turkish Government. I am endeavouring to work the idea of an arbitration, which would award the amount of this claim, but I am not aware how far the parties in England are favourable to such a mode of procedure, and if your Lordship wishes me to press it.

To remove any objection to the insufficient formality of the attachment, and at the same time give it more importance in the eyes both of Germans and Turks, would it not be possible for Sir E. Malet to take such steps as his Excellency thinks he may properly do, so as to convey to the Deutsche Bank the necessity of their delaying payment to Turkey until this English claim has been settled.

In case this could be done, and a copy of any such communication were sent to me, I might, with your Lordship's sanction, give it to M. Radowitz.

No. 33.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 18.)

(No. 21. Confidential. Ext. 4.) *Constantinople, January 18, 1889.*

My Lord,

I HAD the honour to receive your Lordship's telegram No. 2 of the 15th instant, in answer to mine of the same date, and beg to state that I now learn that the notice sent by Colonel Alt to the Deutsche Bank at Berlin was in the form of an English letter written from London, and dated the 10th January.

A notarial copy of this document was delivered at the Bank offices, but I am informed on competent authority that, according to the requirements of German law, this cannot be looked upon as an attachment properly served.

As this is a question of the greatest importance, Colonel Alt and the other persons interested ought to receive special caution on this point.

The sums payable by the Deutsche Bank to the Ottoman Government for the proprietorship of the Haïdar-Pacha Railway line, of which Colonel Alt and his partners were lessees up to that date, fall due early in February, and it will be a matter of the greatest difficulty to recover this money when once it has been paid to the Ottoman Government in full.

An arbitration which would award the amount of this claim would seem to me the best course to follow. I am endeavouring to work that idea, but I do not know how far such a *modus procedendi* is acceptable to the parties interested in England, nor how far it is in compliance with your Lordship's wishes.

I would venture to suggest, in order to do away with any objection that might be made to the insufficient formality of the attachment, and in order to enhance its importance in the eyes of the Germans as well as of the Turks, whether it would not be possible for Her Majesty's Ambassador at Berlin to take any steps his Excellency would feel justified in taking to show the Deutsche Bank the necessity of their delaying any payments to the Ottoman Government until a settlement of this English claim has been effected.

With your Lordship's sanction, I should then be able to give to the German Ambassador a copy of any such communication if it were sent to me.

I had the honour to report the substance of the foregoing to your Lordship by telegraph to-day.

I have, &c.
(Signed) W. A. WHITE.

No. 34.

The Marquis of Salisbury to Sir W. White.

(No. 3.)
(Telegraphic.) *Foreign Office, January 19, 1889, 4·10 P.M.*

YOUR telegram No. 4.

Colonel Alt states that lessees are acting under competent legal advice at Berlin, and taking steps towards further necessary proceedings.

They are entirely in favour of arbitration, and would also gladly accept an amicable arrangement on the basis of fusion with German concessionnaires, if such an arrangement can be made on reasonable terms.

Continue to urge arbitration. You may, if you see opening, intimate willingness of lessees to arrange a fusion.

No. 35.

Sir W. White to the Marquis of Salisbury.—(Received January 20, 11·30 P.M.)

(No. 5.)
(Telegraphic.) *Constantinople, January 20, 1889, 8·30 P.M.*

YOUR Lordship's telegram No. 3 of yesterday.

As regards the projected fusion the matter has to be treated with the Deutsche Bank at Berlin, not here; it ought to be kept distinct from arbitration, but I am not sanguine of its success.

The parties are mistaken if they suppose the Porte to be desirous of arbitration; quite the contrary, it will require an unusual amount of pressure to obtain it, and unless this is done before the German Bank completes its payment it will bankrupt an almost hopeless attempt.

In reply to my representations for arbitration, Grand Vizier sent me word that before His Highness can consider it he would like to have detailed account of the claims, so as to see which of them he can accept without litigation, and what others would have to be dealt with by Law Courts or arbitration.

If your Lordship approves, I might address a written demand to the Porte asking for arbitration, but it would be useless to do so unless I could accompany it with a statement such as the above-mentioned one.

No. 36.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 20.)

(No. 28. Ext. 5.) *Constantinople, January 20, 1889.*

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's telegram No. 3 of yesterday's date relating to the claim of the Haïdar-Pasha Railway Company

PUBLIC RECORD OFFICE, LONDON

against the Sublime Porte, and at the same time to point out that as regards the proposed fusion, the matter has to be negotiated with the Deutsche Bank at Berlin, and not here. This project should be kept entirely distinct from that of arbitration, but I am not at all sanguine of its success.

The lessees are mistaken in supposing that the Porte is desirous of arbitration.

The case is quite the reverse, and it will require an unusual amount of pressure to secure its adoption, and unless this is obtained before the completion of the payments by the Deutsche Bank, the attempt will become well nigh hopeless.

The Grand Vizier, in reply to my representations for arbitration, sent me word that before His Highness could consider such a proposal, it would be necessary that he should be furnished with a detailed account of the claims to be brought against the Ottoman Government, so that he might see which of them could be at once accepted without litigation, and what others would have to be dealt with either by a decision of the local Tribunals or by submission to the proposed arbitration.

I might, with your Lordship's approval, make a demand in writing to the Sublime Porte, urging the acceptance of the proposal for arbitration, but such a measure would, in my opinion, remain fruitless unless I could accompany the demand with a detailed statement of claims such as the Grand Vizier has suggested.

I had the honour to report the substance of the above information to your Lordship to-day by telegraph.

I have, &c.
(Signed) W. A. WHITE.

No. 37.

Colonel Alt to Foreign Office.—(Received January 22.)

14, *Queen Victoria Street, London, January 22, 1889.*

Sir,

IN reference to my interview yesterday with Sir Thomas Sanderson, and to the telegram from Sir William White of which he was kind enough to inform me, I beg to refer you to my letter of the 5th December last, accompanying which I handed you a summary of the claims of the *locataires* against the Turkish Government amounting to 261,805*l.*, exclusive of other matters as set out at foot of that statement; and I now beg to inclose, as requested, a further copy for transmission to Sir William White; the details of the different items aggregating the total amount can be furnished if necessary, but, extending as they do over eight years, they are very bulky, and are probably not necessary for the immediate purpose. I have telegraphed, as clearly as I possibly can openly, requesting Mr. Pears to furnish Sir William with a statement of our claim.

With reference to the request of the Grand Vizier to have this claim submitted to him, I have discussed the matter with those interested with me, and with our legal advisers, and it has been suggested that it might be inopportune to lay this statement before his Highness prior to an agreement being come to with the Government for a reference of all questions to arbitration; and I therefore beg that this may be taken into consideration in any instructions which may be sent to Sir William White, and would suggest that his Excellency be requested to communicate with Mr. Pears before presenting the statement to the Grand Vizier, particularly in view of the private negotiations which are being carried on by Mr. Pears and M. Seefelder with the Grand Vizier and the Council of Ministers for obtaining the agreement of the Porte to a reference to arbitration.

With reference to the question of a legal attachment at Berlin of the 6,000,000 fr. payable by the Deutsche Bank for our line, we have employed the best counsel obtainable in Berlin and Hamburgh to take the necessary proceedings, but received yesterday an opinion from Dr. Scharlach, one of the counsel alluded to, a copy of which I inclose, from which it will be seen that he considers it impossible for us, under the circumstances, to effect a legal attachment of the money. No time has been lost since the seizure of the line in taking the preliminary steps to effect an attachment, and we are still telegraphing and writing to ascertain if there is any means of overcoming the objections raised by Dr. Scharlach.

Recommending the above to the kind consideration of his Lordship the Marquis of Salisbury, I have, &c.

(For the Lessees of the Imperial Haidar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

Inclosure 1 in No. 37.

SUMMARY.

APPROXIMATE Statement (*vis-à-vis* the Turkish Government) of Outlay in connection with the Haïdar-Pacha to Ismidt Railway from April 1880 to September 1888 and October 1888.

		£ s. d.
October 21, 1888	1. To advances to the Government, with 10 per cent. interest	30,623 17 4
September 30, "	2. To amount expended on works executed, with 10 per cent. interest	156,417 12 1
	3. To construction, delivery, and insurance of steam-ship "Haïdar-Pacha," with 10 per cent. interest	32,973 19 7
	4. To legal and other expenses (including Mr. Newman's journey to Constantinople), extending over a period of 8½ years, with 10 per cent. interest	17,011 19 0
	5. To London administration, including salaries, rents, stationery, printing, office expenses, &c., at 2,000*l.* per annum, with 10 per cent. interest	24,778 0 0
		261,805 8 0

Memorandum.

Payment for stores on hand, material for permanent way, bridges, &c.

Dependency.

1. *Re* steamer account, maintenance in Constantinople, estimated at 700*l.* per annum.
2. Cost of various surveys.
3. Travelling expenses.
4. Indemnity for the right of preference on extension.

Inclosure 2 in No. 37.

Opinion of Dr. Seebohm Scharlach, dated Hamburgh, January 18, 1889.

I REGRET to have to tell you that no result can be hoped for from the course hitherto pursued. It is recognized as a principle of international law by the German Courts, and more especially by the Prussian "Competenz-Gerichtshof" (*i.e.*, a special Court which decides without appeal whether a case may or may not be brought before the regular Courts), that no action may be taken or attachment lodged with German Courts against a foreign Government or its Treasury. I myself several years ago, when seeking to enforce a large claim against the Peruvian Government, persuaded the Court of First Instance to grant me an attachment. In the course of the law-suit which ensued, however, I found that I could not maintain the attachment, and I was obliged to settle the matter by a comparatively unfavourable compromise. Now, we cannot in the least hope to obtain an attachment even in a Court of First Instance, presuming we wished to do so, with a view to inducing the Turkish Government or the Deutsche Bank to compromise.

Viewing the above considerations, your friends will do well to give up the idea of obtaining an attachment, and thus save themselves a great deal of unnecessary expense. The question is, therefore, whether there is any other way of attaining our purpose.

No. 38.

The Marquis of Salisbury to Sir W. White.

(No. 4.)
(Telegraphic.) *Foreign Office, January 23, 1889, 4 P.M.*

YOUR telegram No. 5 of 20th: Haïdar-Pacha Railway.

Copy of Colonel Alt's reply was forwarded by yesterday's messenger. You will find summary of lessees' claims inclosed in his letter of 5th December. Mr. Pears is instructed to furnish you with statement required. But Colonel Alt doubts whether it is desirable to submit the statement before arbitration is agreed upon, and begs that Mr. Pears may be consulted on this point.

In any case it must be understood that we do not vouch for the correctness of the claim, which we have not the means of investigating. All we ask is that it should be subjected to impartial examination.

Lessees are now advised by German lawyer that German Courts will not grant legal attachment against payments due to a foreign Government, but are making further inquiries.

No. 39.

The Marquis of Salisbury to Sir W. White.

(No. 33. Confidential. Ext. 4.)
Foreign Office, January 23, 1889.

Sir,

I HAVE received your Excellency's telegram No. 5 of the 20th instant, on the subject of the Haïdar-Pacha Railway question, in which you state that in reply to your representations to the Grand Vizier in favour of submitting the matters in dispute to arbitration, His Highness has asked to be furnished with a detailed account of the claims of the lessees. The question was referred to Colonel Alt, and a copy of his reply was forwarded to you yesterday, by messenger, in my despatch No. 32 of the 22nd instant.

The legal adviser of the lessees at Constantinople has been instructed to furnish your Excellency with the required statement, and a summary of the claim will be found annexed to Colonel Alt's letter of the 5th December, which is already in your possession. Colonel Alt, however, doubts whether it is desirable to submit the statement to the Porte before arbitration has been agreed upon, and he asks that Mr. Pears may be consulted on this point. It must in any case be clearly understood that Her Majesty's Government do not vouch for the correctness of the claims put forward by the lessees, which they have no means of investigating. All that Her Majesty's Government ask is that they should be subjected to impartial examination.

As regards the wish expressed by the lessees that the 6,000,000 francs deposited by the German concessionnaires with the Deutsche Bank at Berlin should not be paid over to the Porte until their claims are settled, Colonel Alt states that the lessees are now advised that the German Courts of Law will not grant legal attachments against payments due to a foreign Government, but that further inquiries on the subject are being made.

I am, &c.
(Signed) SALISBURY.

No. 40.

Sir W. White to the Marquis of Salisbury.—(Received January 24.)

(No. 15. Secret.)
Constantinople, January 17, 1889.

My Lord,

YOUR Lordship was kind enough to send me with your despatch No. 398, Secret, of the 28th December, 1888, received by messenger Captain Wynter, a Memorandum presented by Mr. Lauder on the 22nd December, and an account of some supplementary explanations made by that gentleman to Sir J. Pauncefote, on which your Lordship expressed a desire to hear any observations I might have to offer.

It is rather difficult to treat *au sérieux* remarks of this kind, in which three different

questions are mixed up and are confused with a good deal of local gossip and accusations against highly-placed individuals, which I conscientiously believe to be thoroughly unjustifiable, and which no doubt if they were not made *in camerâ* and came before a Court of Law might expose the person who uttered them to a heavy penalty for libel.

Your Lordship is well acquainted with whatever has been said lately concerning the Imperial Ottoman Bank, and also with the case of the Haïdar-Pacha Railway, so that I need not refer any further to the *ex parte* statements of Mr. Lauder.

As regards the Council of Delegates of Foreign Bondholders sitting at Constantinople, I am assured that the Ottoman Government has no scheme for modifying their attributes under consideration. I am, moreover, told by my German colleague that there is no inclination at Berlin to second any existing desire for the establishment of a new bank (at least not at present).

I would not, however, be doing my duty to your Lordship were I to conceal that the action of the above-mentioned delegates is keenly watched, and they and the institutions which they represent are at times unfavourably criticized at Constantinople.

It is stated that by the arrangement of December 1881 not only were certain actual revenues assigned to the bondholders, but also prospective ones (viz., those from the new licensing tax and the new reformed Tariff, &c.) in such a way that any increment of income will benefit the old foreign creditors and not the Imperial Exchequer.

It is also asserted that some of the more important delegates have not been content with their actual duties, but have appeared in the capacity of promoters of private enterprise, &c.

Thus M. Aubaret, the French delegate, who is the President of the Société de Raccordement, a Railway Company, and was in the French Syndicate who were trying to obtain conjointly with the Ottoman Bank the construction of the Asiatic railways, a project in which they failed in their competition with the Deutsche Bank, supported by an English group represented by Mr. Caillard, and by some Italian gentlemen. "Inde iræ."

I do not, however, anticipate any immediate danger to the bondholders from this, although, when one bears in mind the great financial stress of the Ottoman Empire, one cannot say that the financial condition of any such institution is a perfectly healthy one, and great tact, prudence, and sobriety of judgment are indispensable in working either the Ottoman Bank or the delegation of the bondholders.

I have, &c.
(Signed) W. A. WHITE.

No. 41.

Sir W. White to the Marquis of Salisbury.—(Received January 24, 5·30 P.M.)

(No. 6. Confidential.)
(Telegraphic.) *Constantinople, January 24, 1889, 1·20 P.M.*

HAIDAR-PACHA Railway claim.

Your Lordship's despatches Nos. 12, 15, and 22, and your telegram No. 4.

All along I had my doubts as to the assurances made to your Lordship on the subject of the validity of the attachment served by Colonel Alt, &c., on the Deutsche Bank at Berlin.

I now find my doubts confirmed in your Lordship's above-quoted telegram. The funds on which the attachment was to be served are at Berlin, and they will be paid to the Ottoman Government very shortly; I wish it to be clearly understood that I have no means whatever of having that payment withheld, and that the suggestion made to me, and reported in my despatch No. 478 of the 4th December, has fallen through, and is considered as no longer binding by the concessionnaires, who were put in possession of the line by the Ottoman Government, and not by the lessees. I am unable to give the latter any further assistance of any kind except recommending to the Porte, jointly with Baron Calice, to submit their claims to an impartial examination. With that view both Embassies suggested arbitration, but the Porte is evidently disinclined to admit diplomatic interference, as it considers that these parties, whatever their nationality, are subject to Ottoman jurisdiction by the terms of their own Convention.

The proper course would be for Mr. Pears to put himself at once in communication with the Grand Vizier on this point, and lay before his Highness a clear detailed

statement of their claims. It is only after that has been done that I, and no doubt Baron Calice, could press, as far as we were able properly, an arrangement to that effect. The only available means of exercising pressure on the Porte to persuade it to do this is of course to cause a delay in the payment of the 6,000,000 fr. by the German Bank at Berlin, and as all other methods of effecting this have failed, I see no other course that I could recommend but the one which I ventured to suggest in the last paragraph of my telegram of the 18th instant, No. 4, Confidential, viz., that Sir E. Malet should, in the way he thinks best, convey to the German Bank the interest taken by Her Majesty's Government in this case, and the inconvenience that would result from any injustice done to British subjects arising from the concession given to a German bank.

If authorized by your Lordship, I could inform M. Radowitz of such a step having been taken, and his Excellency, if authorized by his Government, would probably assist Baron Calice and myself in persuading the Porte to accept arbitration. I must add, however, that I am told that the amount of claim put forward by Colonel Alt is enough to frustrate the object we have in view, as it leaves no margin out of the funds due to Turkey for immediate payment.

No. 42.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 24.)

(No. 29. Confidential. Ext. 6.) *Constantinople, January 24, 1889.*

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's despatches Nos. 12, 15, and 22 of the 8th, 11th, and 19th instant, relating to the claim of the Haïdar-Pacha Railway Company against the Ottoman Government.

From the very outset of the recent negotiations I have entertained doubts as to the assurances made to your Lordship on the subject of the validity of the attachment served on the Deutsche Bank at Berlin by Colonel Alt, &c.

These doubts have been confirmed by your Lordship's telegram No. 4 of the 23rd instant.

The sum of money upon which the attachment was to be served is now at Berlin, and will very shortly be handed over to the Ottoman Government.

As to obtaining that the payment of these funds should be withheld, I am anxious that it may be clearly understood that I have no means whatever to attain such a result; also that it may be known that the suggestion made to me, and reported in my despatch to your Lordship No. 478 of the 4th December last, has fallen through, and is considered by the concessionnaires, who were put in possession of the line by the Ottoman Government and not by the lessees, as no longer binding. I am unable to give the lessees any further assistance of any kind except by recommending to the Sublime Porte, conjointly with Baron Calice, the Austro-Hungarian Ambassador, that their claims may be submitted to an impartial examination.

With that object in view it has been suggested by both the Embassies interested to submit the matter to arbitration, but the Ottoman Government is evidently disinclined to admit diplomatic interference, as it considers that the parties concerned, whatever their nationality may be, are, by the terms of their own Convention, subject to Ottoman jurisdiction.

In my opinion, the proper course to pursue would be for Mr. Pears to put himself at once in communication with the Grand Vizier on this point, and to lay before his Highness a clear and detailed statement of the claims preferred by the lessees.

It would only be after such a step had been taken that I, and no doubt Baron Calice, could, as far as it might lie in our power, urge an arrangement in that sense.

The only possible means of putting pressure on the Porte to obtain their adhesion to such a course would naturally be to cause the payment of the 6,000,000 fr. by the Deutsche Bank at Berlin to be delayed, and as all other methods of effecting this have hitherto proved unsuccessful, I am unable to recommend any other course than that which I ventured to suggest in the last paragraph of my telegram to your Lordship No. 4, Confidential, of the 10th instant, viz., that Sir E. Malet should, in the manner that his Excellency may think best, convey to the Administration of the Deutsche Bank an intimation of the interest taken in this case by Her Majesty's Government, and at the same time point out to them the inconvenience that would inevitably arise

from any act of injustice to British subjects resulting from the Concession given to a German bank for the working of the Haïdar-Pacha Railway.

If your Lordship should be willing to authorize me to do so, I could inform M. de Radowitz, the German Ambassador, of such a step having been taken, and his Excellency would probably, with his Government's assent, assist Baron Calice and myself in our endeavours to persuade the Porte to accept the proposed arbitration.

I must, however, add that, according to the information which I have received, the amount of the claim put forward by Colonel Alt would absorb the whole 6,000,000 fr. due to the Ottoman Government, and thus leave nothing for immediate payment to it, a detail which would be quite sufficient to frustrate the object that we have in view.

I had the honour to report the substance of the above to your Lordship, by telegraph, to-day.

I have, &c.
(Signed) W. A. WHITE.

No. 43.

Sir W. White to the Marquis of Salisbury.—(Received January 26, 4·30 P.M.)

(No. 8.) *Constantinople, January 26, 1889, 1·15 P.M.*
(Telegraphic.)

MY telegram No. 6, Confidential, of 24th instant: Haïdar-Pacha Railway claim.

I am positively informed, on competent authority, that the Deutsche Bank, in the absence of a legal attachment, will pay over at Berlin to the Ottoman Government, on 10th February, the 6,000,000 fr. for the above railway.

I see from Colonel Alt's correspondence with your Lordship, which accompanies your despatch No. 22 of the 19th instant, that this gentleman labours under erroneous impressions that I possess the means of stopping or delaying that payment. I hope he is now disabused on that point. He is likewise mistaken if he thinks that the confidential proposal made, as reported in my despatch No. 478 of 4th December, which was a conditional one, has any value at present. It fell through by the very act of Colonel Alt, who coupled his acceptance with conditions considered inadmissible by the German Bank.

I have addressed a written demand to the Porte calling upon it to propose an independent impartial arbiter without sending any statement of claims, but I do not entertain the remotest hope that any result can be attained in time to prevent the Ottoman Government being paid at Berlin, as a fortnight's time is perfectly insufficient for negotiating a matter of this kind.

No. 44.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 26.)

(No. 31. Ext. 8.) *Constantinople, January 26, 1889.*

My Lord.

WITH reference to my telegram No. 6, Confidential, of the 24th instant, I have the honour to report to your Lordship that I am positively informed on competent authority, that, in the absence of a legal attachment, the Deutsche Bank will pay over at Berlin on the 10th of next month to the Ottoman Government the sum of 6,000,000 fr. as agreed for the Concession of the Haïdar-Pacha Railway.

From Colonel Alt's correspondence with your Lordship, inclosed in your despatch No. 22 of the 19th instant, I observe that this gentleman has been labouring under the erroneous impression that the means of stopping or delaying that payment are in my possession. I hope, however, that he may by this time be disabused on that point. He is likewise entirely mistaken if he imagines that the confidential proposal reported in my despatch to your Lordship No. 478 of the 4th December last, which was of a conditional nature, has now any value whatever. This proposal collapsed by the very act of Colonel Alt himself, who, in his letter to Sir J. Pauncefote of the 5th December, made his acceptance conditional upon terms which the German Bank considered to be inadmissible.

I have addressed a note to the Ottoman Minister for Foreign Affairs, copy of which I have the honour to inclose herewith, calling upon the Porte to propose an independent and impartial arbiter, omitting at the same time to send any statement of claims, but I do not entertain the very remotest hope that any result can be obtained in sufficient time to prevent the 6,000,000 fr. being paid at Berlin to the Ottoman Government, as a fortnight, in which period the delay will expire, is entirely insufficient to bring negotiations of such a nature to a satisfactory conclusion.

I had the honour to report to your Lordship the substance of the above by telegraph to-day.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 44.

Sir W. White to Said Pasha.

Constantinople, January 26, 1889.

M. le Ministre,

UNDER instructions from the Marquis of Salisbury, I have the honour to press your Excellency not to allow any further delay to elapse before proposing the appointment of an impartial, independent arbiter for the purpose of examining and adjudicating upon the claims of the British subjects the lessees of the Haïdar-Pacha Railway.

His Lordship has informed the Ottoman Ambassador in London, both in writing and verbally, that Her Majesty's Government regret the arbitrary seizure of the line without any previous attempt to obtain a judicial decision on the points at issue, but expresses an earnest hope that this will not hinder the Imperial Ottoman Government from treating these British claimants with justice and equity.

I need hardly express to your Excellency how deeply I would regret if the arbitrary seizure of this line were to be followed by delaying appointing such an arbiter, and the deplorable effect which such a denial of justice would be sure to produce in England.

As it is my duty to report to Her Majesty's Government, by telegraph, the result of this my application which I am making to your Excellency under their special orders, I have to beg for a satisfactory answer with the least possible delay.

I avail, &c.
(Signed) W. A. WHITE.

No. 45.

Sir W. White to the Marquis of Salisbury.—(Received January 28, 8 P.M.)

(No. 9.)
(Telegraphic.) *Constantinople, January 27, 1889, 10·40 P.M.*

MY telegram No. 8 of yesterday: Haïdar-Pacha Railway claim.

I addressed a note, as reported to Minister for Foreign Affairs, asking his Excellency to propose an arbiter, and I, moreover, sent urgent messages pressing for a result to his Excellency and the Grand Vizier.

Their replies leave me slight hopes of obtaining this result. They rely on the text of Article No. XI of the Convention, and feel disposed to decline diplomatic intervention in the present state of the affair, wishing it to be referred to the ordinary Tribunals.

The Grand Vizier stated that he would listen to any proposals, even for an arbitration, if made to his Highness direct by M. Seefelder or Mr. Pears, but not through me; adds the lessees have taken no steps with the Porte whatsoever.

Should your Lordship think they ought to do so, on which I do not venture to offer an opinion, perhaps they might be induced to take action, especially if they were acquainted how little my representations can avail in the presence of the text of their own Convention.

No. 46.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, January 28.)

(No. 34. Ext. 9.)
Constantinople, January 27, 1889.

My Lord,

AS I had the honour to report in my telegram No. 8 of yesterday I addressed a note to Said Pasha, the Minister for Foreign Affairs, asking his Excellency to propose an arbiter upon the question pending between the Ottoman Government and the Haïdar-Pacha Railway Company. I moreover sent urgent verbal messages pressing his Excellency and the Grand Vizier for an answer to my representations.

The verbal replies which I have received from them leave me but slight hopes of obtaining the acquiescence of the Porte to this project. They base their objections upon the text of the XIth Article of the Convention with the lessees, and are disposed to decline to admit diplomatic intervention in the present phase of this question, wishing it to be referred to the decision of the ordinary Tribunals.

The Grand Vizier stated, however, that he would be willing to listen to any proposals, even for arbitration, if such a proposal were made direct to his Highness by M. Seefelder or Mr. Pears, but not through the channel of Her Majesty's Embassy.

His Highness added that of late the lessees had taken no steps with the Porte for a solution in this sense.

If your Lordship should consider that it would be to the advantage of the lessees to do so, a course upon which I do not venture to offer an opinion, they might perhaps be induced to take action, more especially if they were made aware how little any representations that I may make can avail in the presence of the text of their own Convention with the Sublime Porte.

The substance of the above was forwarded to your Lordship in my telegram of to day's date.

I have, &c.
(Signed) W. A. WHITE.

No. 47.

The Marquis of Salisbury to Sir E. Malet.

(No. 27. Confidential.)
Foreign Office, January 29, 1889.

Sir,

YOUR Excellency will have learned, from the correspondence respecting the finances of Turkey which is regularly forwarded to you, the state of the question which has arisen between the Turkish Government and the lessees of the Haïdar-Pacha-Ismidt Railway.

The facts of the case are briefly as follows.

The Turkish Government complain that the lessees have not fulfilled their engagements under the Concession, and, in particular, that they are largely in default as regards the stipulated annual payments for rent.

The lessees, on the other hand, allege that it is owing to the action or inaction of the Porte itself that the terms of the Convention have not been executed, and that they have spent large sums of money in repairs to the line and advances to the Porte on account of rent, without any returns from profit on the working of the line.

In the meanwhile, nothing has been done towards extensions of the line over Asia Minor, to which rights of priority are given to the lessees in their Convention.

Such being the state of the case, the Turkish Government in September last concluded a fresh Agreement with the representatives of the Deutsche Bank, agreeing to hand over the railway in question, free of all charges and impediments, in exchange for a sum of 6,000,000 fr., and, further, giving the new concessionnaires the right of making extensions of the line. They gave notice to the lessees of the termination of their lease, and as the latter pleaded that under their Convention they were entitled to four months' notice, and were only bound to surrender the line in the month of October following the expiration of such notice, the Porte has proceeded to seize the line without any form of judicial procedure.

The capital invested by the lessees being almost entirely British, Her Majesty's Government have remonstrated against this arbitrary measure, and have expressed their hope that the claims of the lessees for compensation for money expended, and for

any rights they may have under their Convention, may be submitted to impartial arbitration.

But in order to secure the consent of the Porte to this arrangement, Sir W. White apprehends that considerable pressure will be required, as the Turkish authorities are disposed to shelter themselves behind a clause of the Convention which provides that all questions relating to its interpretation are to be referred to the Turkish Courts.

It appears to Her Majesty's Government to be an act of obvious and flagrant injustice that the Turkish Government, themselves ignoring this condition, should constitute themselves judges in their own cause, should forcibly seize the line, and should endeavour then to repudiate all diplomatic intervention by a reference to the Convention which they have themselves violated, leaving the injured parties to find their remedy in a Turkish Court.

The precedent will, moreover, be an extremely inconvenient one for the new German concessionnaires in case any differences should subsequently arise between them and the Porte as to the execution of their contract.

Under these circumstances, I should wish your Excellency to mention the matter to Count Bismarck, and to inquire whether his Excellency would be disposed to send telegraphic instructions to the German Ambassador to give his assistance to Sir W. White in obtaining an arrangement to refer the claims of the lessees and the counter-claims of the Turkish Government to equitable arbitration. You should make it understood that Her Majesty's Government in no way answer for the amount or validity of the claims advanced, but only contend that they should be impartially examined and settled.

I am, &c.
(Signed) SALISBURY.

No. 48.

The Marquis of Salisbury to Sir W. White.

(No. 5.)
(Telegraphic.) *Foreign Office, January 29, 1889, 4·25 P.M.*

HAIDAR-PACHA Railway.

Colonel Alt has been informed of present state of question. He says M. Seefelder is in communication with the Grand Vizier. It is clearly unjust that Turkish Government, having themselves ignored Article XI of the Convention, and resorted to force instead of appealing to their own Courts, should now make use of it to repudiate diplomatic intervention. We must decline to accept such arrangement.

In a verbal communication recorded in my despatch No. 15 of the 11th instant Turkish Ambassador said Porte were prepared to discuss with lessees their reciprocal claims either amicably or before the Tribunals, and when asked what was meant by amicably, said that it implied arbitration.

No. 49.

The Marquis of Salisbury to Sir W. White.

(No. 37. Ext. 5.)
Sir, *Foreign Office, January 29, 1889.*

I HAVE to state that Colonel Alt has been duly informed of the present state of the Haïdar-Pacha Railway question as described in your Excellency's most recent telegrams.

As regards the statement of the Grand Vizier, reported in your telegram No. 9 of the 27th instant, that he would listen to any proposals, including arbitration, if made direct to the Porte by the lessees, but that the latter have taken no steps whatever with the Porte, Colonel Alt affirms that this is incorrect; that on the contrary, M. Seefelder is in communication with his Highness and had been requested by him to obtain and deliver a formal legal statement of claims.

The Turkish Government having themselves ignored Article XI of their Convention with the lessees and taken possession of the line by force, without any reference to the Turkish Courts or any form of legal process, it is in the opinion of Her Majesty's Government clearly unjust that they should now appeal to that Article in order to repudiate your Excellency's intervention; and Her Majesty's Government must

decline to accept such an argument as barring their right of diplomatic representation on behalf of the British interests which have suffered from the arbitrary action of the Turkish authorities.

I have to point out further that in the verbal communication made by the Turkish Ambassador at this Court, and recorded in my despatch No. 15 of the 11th instant, Rustem Pasha stated that the Turkish Government were prepared to discuss with the lessees, either amicably or before the Tribunals, their reciprocal claims, and that when questioned as to what was meant by the term "amicably," his Excellency said that it implied arbitration.

I am, &c.
(Signed) SALISBURY.

No. 50.

Sir W. White to the Marquis of Salisbury.—(Received February 1.)

(No. 10.)
(Telegraphic.) *Constantinople, January 31, 1889.*

HAIDAR-PACHA claims: My telegrams Nos. 8 and 9 of the 26th and 27th instant.

The Porte has sent a written reply to my pressing demands for the appointment of an arbiter for this case, in which it is stated that the Ministry is prosecuting the Porte's claims before the Law Courts against the lessees, and that, therefore, these may vindicate their counter-claims in the same way.

No. 51.

Sir W. White to the Marquis of Salisbury.—(Received February 1.)

(No. 41. Ext. 10.)
My Lord, *Constantinople, January 31, 1889.*

WITH reference to my telegrams Nos. 8 and 9 of the 26th and 27th instant respectively, I have the honour to report that in reply to my note of the 26th instant and to a further note addressed by me to-day to the Ottoman Government, copy of which is inclosed herewith, urging my demands for the appointment of an arbiter in the claims brought by the Haïdar-Pacha Railway Company against the Sublime Porte, I have to-day received a note from Saïd Pasha, the Minister for Foreign Affairs, in which his Excellency states that the Ministry of Public Works is already prosecuting the claims of the Ottoman Government against the lessees before the Tribunals, and that, consequently, the latter may vindicate their counter-claims in a similar manner. Copy of this note is inclosed herewith.

I had the honour to convey the substance of the above information to your Lordship by telegraph.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 51.

Sir W. White to Said Pasha.

M. le Ministre, *Constantinople, January 31, 1889.*

BY the note which I had the honour to address to your Excellency on the 26th instant, I made an urgent request, under instructions from Her Majesty's Government, asking your Excellency to propose the name of an arbiter on behalf of the Sublime Porte for the purpose of settling amicably the claim of the Haïdar-Pacha Railway.

Under renewed instructions from the Marquis of Salisbury, I have again to beg of your Excellency not to delay in informing me officially of the Sublime Porte's accession to this pressing application and of the name of the arbiter whom the Imperial Government proposes. His Excellency the Ottoman Ambassador in London has assured Her Majesty's Principal Secretary of State for Foreign Affairs that the Imperial Government had effected a deposit "as a guarantee on the line for any claim

or indemnity to which the lessees might be found to be entitled;" and, at the same time, offered that these claims should be amicably examined and settled, and when asked what was meant by "amicably" said that it implied arbitration.

It is the prompt fulfilment of the last of these promises that I am repeatedly instructed to demand of your Excellency.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 2 in No. 51.

Said Pasha to Sir W. White.

Sublime Porte, le 31 Janvier, 1889.

M. l'Ambassadeur,

EN réponse aux deux notes que votre Excellence a bien voulu m'adresser les 26 et 31 Janvier, j'ai l'honneur de l'informer que se conformant aux clauses du Contrat le Ministère des Travaux Publics a déjà porté devant les Tribunaux les réclamations du Gouvernement Impérial contre les anciens locataires de la ligne de Haïdar-Pacha-Ismidt.

Ceux-ci n'ont par conséquent qu'à avoir eux-mêmes recours aux Tribunaux dans lecas où ils auraient quelque demande à formuler.

Veuillez, &c.
(Signé) SAÏD.

No. 52.

Foreign Office to Colonel Alt.

Foreign Office, February 2, 1889.

Sir,

WITH reference to previous correspondence on the subject of the claims of the lessees of the Haïdar-Pasha Railway against the Turkish Government, I am directed by the Marquis of Salisbury to inform you that a telegram has been received from Her Majesty's Ambassador at Constantinople, reporting that in reply to his representations, pressing for the reference of the question to arbitration, he has received a communication in writing to the effect that the Turkish Government are now prosecuting their claims against the lessees before the Law Courts, and that it is therefore open to the latter to vindicate their claims in the same manner.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 53.

Sir E. Malet to the Marquis of Salisbury.—(*Received February 4.*)

(No. 45. Confidential.)

Berlin, February 1, 1889.

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 27, Confidential, of the 29th ultimo, on the subject of the lessees of the Haïdar-Pacha-Ismidt Railway and their difficulties with the Turkish Government, and to report that I have this day addressed confidentially a *note verbale* to the Imperial German Government in the terms of your Lordship's above-mentioned despatch.

I have, &c.
(Signed) EDWARD B. MALET.

No. 54.

The Marquis of Salisbury to Sir W. White.

(No. 41.)

Foreign Office, February 4, 1889.

Sir,

WITH reference to the concluding paragraph of my despatch No. 15 of the 11th ultimo, on the subject of the Haïdar-Pacha Railway question, I have to inform

your Excellency that Rustem Pasha has confirmed the statement previously made by him to the effect that the Porte had deposited sums of 4,000*l.* and 40,000*l.*, on account of the repurchase of the line and any claims or indemnity to which the lessees might be found to be entitled.

His Excellency added that the deposits in question had been made with the Crédit Lyonnais.

I am, &c.
(Signed) SALISBURY.

No. 55.

The Marquis of Salisbury to Sir W. White.

(No. 42. Confidential.)

Foreign Office, February 5, 1889.

Sir,

WITH reference to the suggestion made in your Excellency's telegrams Nos. 4 and 6 of the 18th and 24th ultimo, that steps should be taken through Her Majesty's Ambassador at Berlin to secure the co-operation of your German colleague in pressing the Porte to agree to arbitration on the claims of the lessees of the Haïdar-Pacha Railway, I transmit to you herewith, for your confidential information, a copy of a despatch which I have addressed to Sir E. Malet,* instructing him to mention the matter to Count Bismarck, and to suggest that M. de Radowitz should be authorized to support your representations.

Sir E. Malet has addressed a *note verbale* to the German Government in the sense of this despatch.

Colonel Alt has himself started for Berlin with the object of putting in a detainer against the payment of the money due by the Deutsche Bank to the Porte by means of a civil action, and Sir E. Malet has been authorized to give him such unofficial advice and assistance as he properly can, while taking care not to be in any way mixed up with the legal proceedings, nor to express any opinion on the validity of the claims advanced by the lessees.

I am, &c.
(Signed) SALISBURY.

No. 56.

Sir W. White to the Marquis of Salisbury.—(*Received February 7.*)

(No. 32. Confidential.)

Constantinople, January 26, 1889.

My Lord;

I HAVE the honour to transmit herewith to your Lordship copy of a Memorandum by Mr. Dragoman Mavinitch, reporting the interviews that he had to-day with the Grand Vizier and the Minister for Foreign Affairs, in which he drew their serious attention to the necessity of a prompt reply touching the question of arbitration upon the claims of the Haïdar-Pacha Railway Company against the Ottoman Government.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 56.

Memorandum.

IN accordance with his Excellency the Ambassador's instructions I called on the Grand Vizier to-day, and, after reading to him the English text of the note addressed to the Minister for Foreign Affairs respecting the Haïdar-Pacha Railway, I did not fail to draw the serious attention of his Highness to the necessity of a prompt reply touching the question of arbitration.

His Highness pointed out, in reply, that M. Seefelder has so far made no demands,

* No. 47.

and, in face of this, the Porte does not see any reason for appointing an arbitrator. The Grand Vizier stated that these gentlemen must first state what they claim, and if their demands are reasonable, the Porte will, perhaps, accept them without any necessity for arbitration arising. "Moreover," added his Highness, "the Porte does not wish to establish a precedent, because, according to their Contract, the leaseholders must make good their claims before the Law Courts. But if these gentlemen furnish us with a statement of claim, we can decide whether to submit it to a Council of Arbitration or the ordinary Tribunals, or to settle it in some other way.

Kiamil Pasha added that the representation I was making was not legal, because all diplomatic intervention is excluded by the Contract entered into by these gentlemen, and stated that Lord Salisbury himself had acknowledged this after examining the Contract. It was only in the event of the Porte's refusing to do justice to these gentlemen that the Embassy would be justified in interfering in their favour.

I then proceeded to the Ministry for Foreign Affairs, and presented the note of Her Majesty's Embassy. Said Pasha requested me to inform his Excellency the Ambassador, in reply, that the seizure of the railway was not an arbitrary act, but had taken place in accordance with the terms of the Contract entered into by the leaseholders and the Government; that the Government had reserved certain funds in view of settling the claims to be brought forward by these gentlemen; and that, as soon as a legal decision should be given on this point, the Government would consider it its duty to pay to the last farthing whatever sum it might be condemned to pay to them. As for the question of arbitration, Said Pasha stated that he could give no opinion on the point, but would hasten to submit the note of Her Majesty's Embassy to the Grand Vizier, so that the case should be discussed at to-morrow's Council of Ministers and the instructions of the Porte be conveyed to his Excellency, in order that he might reply, without too much delay, to the said note.

(Signed) H. MARINITCH.

Pera, January 26, 1889.

No. 57.

Sir W. White to the Marquis of Salisbury.—(*Received February* 7.)

(No. 53.) *Constantinople, February* 3, 1889.

My Lord,

I HAVE the honour to forward to your Lordship copy of a letter addressed to me by Mr. Pears, the legal adviser of the Haïdar-Pacha Railway lessees, on the subject of the arbitration I had recommended to the Sublime Porte under instructions from your Lordship, together with a programme of points to be submitted with that view.

As this programme is not accompanied by any figures as to the amounts claimed, and includes, moreover, a clause by which the parties reserve to themselves the power to raise additional points, I cannot venture to communicate it to the Sublime Porte, as suggested by Mr. Pears.

Moreover, if I may venture to express an opinion, I am inclined to think that as some of the claimants are British subjects, we are bound to go on insisting that the matter should be referred to arbitration, but that our action should be always a joint one with the Austro-Hungarian Embassy, as M. Seefelder is a native of Austria, and should be confined to the question of principle, as regards arbitration, without complicating it by adopting detailed points which the parties ought to settle themselves with the Ottoman Government.

I have, &c.

(Signed) W. A. WHITE.

Inclosure 1 in No. 57.

Mr. Pears to Sir W. White.

2, Rue de la Banque, Constantinople, February 2, 1889.

Sir,

M. SEEFELDER has shown me a letter of yesterday's date from M. Block, in which he is informed that the Porte states that it has already sent to the Tribunals its claims against the *ex-locataires* of the Haïdar-Pacha Railway, and refers the *locataires* to the same Courts.

I have respectfully to suggest that the Porte should be informed that such a course cannot be acquiesced in by your Excellency, and I would venture to suggest that no other steps should be taken here until further instructions are received from the Foreign Office, except your Excellency should think well to transmit to his Highness the Grand Vizier the programme of questions upon which we suggest that an arbitration should decide, and with which his Highness asked M. Seefelder to be furnished.

I inclose copy. The violation of the rights of the *locataires* constitutes, in my opinion, as I am sure it will in the mind of every person cognizant with the facts, the most gross outrage upon the rights of British subjects in the Ottoman Empire committed during the present generation. It is impossible that Her Majesty's Government can allow this injustice to be added to by permitting the *locataires* to have their wrongs decided upon by Tribunals which are notoriously corrupt in ordinary cases, but which in such a matter, where the Government is concerned, will only be the instruments of the Government to give the decision it desires.

I have, &c.

(Signed) EDWIN PEARS.

Inclosure 2 in No. 57.

Programme for Arbitration.

LES arbitres auront à statuer:

Sur les réclamations en paiement de travaux faits et dommages-intérêts, frais et accessoires de locataires contre le Gouvernement Impérial Ottoman pour la période d'exploitation de la ligne Haïdar-Pacha-Ismidt, à raison de ce que le Gouvernement Impérial n'a pas exécuté ou a violé les clauses et conditions de la Convention et du Cahier des Charges du bail.

Sur les réclamations en dommages-intérêts des locataires contre le Gouvernement Impérial pour la prise illégale et prématurée de la ligne.

Sur les réclamations en dommages-intérêts des locataires contre le Gouvernement Impérial pour violation du droit de préférence qui leur était accordé sur tout autre concessionnaire pour la prolongation de la ligne à conditions égales.

Sur toutes les réclamations reconventionnelles du Gouvernement Impérial contre les locataires.

Les Articles ci-dessus ne sont pas limitatifs.

Les parties énumèreront en détail dans les Mémoires qu'ils présenteront aux arbitres tous les chefs distincts de leurs réclamations découlant de l'affaire.

No. 58.

Sir E. Malet to the Marquis of Salisbury.—(*Received February* 7, 12·30 P.M.)

(No. 6.) *Berlin, February* 7, 1889, 12·25 P.M.

(Telegraphic.)

YOUR Lordship's despatch No. 27 of 29th ultimo.

German Ambassador at Constantinople has been instructed by telegraph to recommend arbitration in concert with Sir W. White.

May I inform Colonel Alt?

No. 59.

Sir E. Malet to the Marquis of Salisbury.—(*Received by telegraph, February* 7.)

(No. 55. Ext. 6.) *Berlin, February* 7, 1889.

My Lord,

I HAD the honour to inform your Lordship this morning, by telegraph, with reference to your despatch No. 27 of the 29th January, that instructions have been sent by telegraph to the German Ambassador at Constantinople to act in concert with Her Majesty's Ambassador in recommending the Porte to agree to arbitration in the matter of the Haïdar-Pacha-Ismidt Railway.

Have I your Lordship's permission to communicate the above to Colonel Alt, who is now at Berlin?

I have, &c.
(Signed) EDWARD B. MALET.

No. 60.

The Marquis of Salisbury to Sir E. Malet.

(No. 5.)
(Telegraphic.) *Foreign Office, February 7, 1889, 6·30 P.M.*

YOUR telegram No. 6 of to-day.

No objection to your telling Colonel Alt. But do not let him expect too much from our assistance, and relax his own efforts, which he is inclined to do.

No. 61.

The Marquis of Salisbury to Sir E. Malet.

(No. 36. Ext. 5.)
Sir, *Foreign Office, February 7, 1889.*

I HAVE received your Excellency's telegram No. 6 of this day, stating that the German Ambassador at Constantinople had been instructed to recommend arbitration in the dispute between the Porte and the lessees of the Haïdar-Pacha-Railway, and inquiring whether you should inform Colonel Alt accordingly.

I have to state, in reply, that there is no objection to your communicating the above information to Colonel Alt. At the same time it would be well that that gentleman should not in any way be encouraged to relax his own efforts in the matter, or to rely too much upon the assistance afforded him by Her Majesty's Government, a course which his communications with this Office show him to be inclined to adopt.

I am, &c.
(Signed) SALISBURY.

No. 62.

Sir W. White to the Marquis of Salisbury.—(Received February 8, 12·30 P.M.)

(No. 12.)
(Telegraphic.) *Constantinople, February 8, 1889, 10·45 A.M.*

YOUR Lordship's telegram No. 9 of yesterday.

Owing to concerted representations, Grand Vizier told Sir A. Sandison yesterday that His Highness had persuaded several of his colleagues hitherto opposed to arbitration to take a more favourable view of it, and I have informed M. Seefelder, who must put himself immediately in communication about arbitration with the Turkish Minister; and Colonel Alt had better be pressed to facilitate negotiations for this purpose, as delay would be most disadvantageous to himself and his associates.

The Porte will on no account admit diplomatic intervention, and will only treat with parties themselves.

No. 63.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, February 8.)

(No. 57. Ext. 12.)
My Lord, *Constantinople, February 8, 1889.*

WITH reference to your Lordship's telegram of yesterday, I have the honour to report that, owing to the concerted representations of the Austro-Hungarian Ambassador and myself, the Grand Vizier informed Sir Alfred Sandison yesterday that his Highness had persuaded several of his colleagues in the Cabinet to take a more favourable view of the proposal for submitting to arbitration the claims of the ex-lessees of the Haïdar-Pacha Railway Company against the Ottoman Government, to

which project they had been hitherto opposed. I have informed M. Seefelder of this modification of the views of the Ottoman Government, in order that he may put himself in direct communication with the Turkish Minister.

Colonel Alt should, in my opinion, be also pressed to facilitate the negotiations for this purpose, as delay would necessarily be of great disadvantage both to himself and to those who are associated with him.

The Sublime Porte maintain their refusal to admit in any way diplomatic official intervention, and declare that they are only willing to treat directly with the parties concerned.

I had the honour to report the substance of the above to your Lordship to day by telegraph.

I have, &c.
(Signed) W. A. WHITE.

No. 64.

The Marquis of Salisbury to Sir W. White.

(No. 50.)
Sir, *Foreign Office, February 8, 1889.*

I HAVE received your Excellency's despatch No. 31 of the 26th ultimo on the subject of the Haïdar-Pacha Railway question, and I approve the terms of the note which you addressed to Said Pasha, calling upon the Porte to appoint an arbiter to examine and adjudicate upon the reciprocal claims of the lessees and the Turkish Government.

I am, &c.
(Signed) SALISBURY.

No. 65.

Sir W. White to the Marquis of Salisbury.—(Received February 9.)

(No. 54.)
My Lord, *Constantinople, February 4, 1889.*

WITH reference to my despatch No. 41 of the 31st January on the claim of the Imperial Government against the ex-lessees of the Haïdar-Pacha Railway, I have the honour to transmit herewith copy of note I have addressed to Said Pasha in reply to a note from his Excellency, dated the 31st ultimo, copy of which was inclosed in my above-mentioned despatch.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 65.

Sir W. White to Said Pasha.

M. le Ministre, *Constantinople, February 4, 1889.*

BY your Excellency's note of the 31st January, you did me the honour to inform me that the Minister of Public Works has brought an action before the Tribunals for the claims which the Imperial Government has against the ex-lessees of the Haïdar-Pacha-Ismidt Railway, and stating that these should bring forward their counter-claims, if they have any, before the same law Courts.

In reply, I have the honour to inform your Excellency that Her Majesty's Embassy is unable to accept such an answer as one satisfying its repeated applications for arbitration, or as corresponding in any way to the present situation of this case.

Even were the view taken by the Sublime Porte of the competency of the Ottoman Tribunals under the Convention of the 27th March (8th April), 1880, and paragraph 11 of it fully admitted (which is not entirely the case), surely this contention would only hold good as long as the above-named Convention was being carried out, but the case is quite different now by the seizure of the line. That seizure was accomplished violently and arbitrarily, and by that act the Porte has annulled any acceptance which may have existed in the Convention of the competency

of the purely Ottoman Tribunals, to which certainly neither the British nor the Austrian subjects engaged could have made themselves amenable beyond the time that that Convention lasted. The case would have been different could the Imperial Government have selected the course of appealing to the proper Tribunals before seizing the line administratively, and thus rendering void the provisions of the Convention.

I avail, &c.
(Signed) W. A. WHITE.

No. 66.

Sir E. Malet to the Marquis of Salisbury.—(*Received February* 9.)

(No. 56.) *Berlin, February* 7, 1889.
My Lord,

WITH reference to my despatch No. 55 of this day's date, I have the honour to transmit herewith to your Lordship translation of a *note verbale* which I have received from the Imperial German Foreign Office, stating that instructions have been sent by telegram to the German Ambassador in Constantinople to act in concert with Sir W. White in recommending the Porte to agree to arbitration in the case of the Haïdar-Pacha-Ismidt Railway.

I have, &c.
(Signed) EDWARD B. MALET.

Inclosure in No. 66.

Note Verbale.

(Translation.)

THE Secretary of State for Foreign Affairs has the honour to communicate the following reply to the confidential verbal note of the 1st instant, relative to a settlement of the questions in dispute between the Sublime Porte and the holders of the Haïdar-Pacha-Ismidt Railway Concession.

German interests are not touched by these controversies, as the Porte has pledged itself to hand over the line in question to the new grantees free of all burdens; there is, moreover, no fear of the formal treatment of these controversies having a prejudicial effect upon the settlement of possible future disputes which may arise between the Porte and the new concessionnaires when the position of the latter, which differs both juridically and actually, from that of the previous grantees, is taken into consideration.

In order, however, to meet the wish expressed by the Marquis of Salisbury, the Imperial Ambassador at Constantinople has been instructed, by telegraph, to use his good offices with the Porte, in conjunction with Sir William White, to bring about a settlement of the matter in question by means of a Court of Arbitration.

Berlin, February 6, 1889.

No. 67.

The Marquis of Salisbury to Sir E. Malet.

(No. 7.) *Foreign Office, February* 9, 1889, 2·20 P.M.
(Telegraphic.)

SIR W. WHITE'S telegram No. 12, just repeated to you.
Communicate substance to Colonel Alt.

No. 68.

The Marquis of Salisbury to Sir E. Malet.—(*Substance telegraphed.*)

(No. 37. Ext. 7.) *Foreign Office, February* 9, 1889.
Sir

HER Majesty's Ambassador at Constantinople, in his telegram No. 12 of yesterday's date respecting the Haïdar-Pacha Railway, which has been repeated to your Excellency, states that the Grand Vizier has persuaded several of his colleagues to take a more favourable view of the question of arbitration. Sir W. White has informed M. Seefelder of this, and has suggested that he should place himself at once in communication with the Turkish Minister on the subject. Sir W. White asks, further, that Colonel Alt should be pressed to facilitate negotiations for this purpose, as delay would be most disadvantageous to himself and his associates.

I have to request that you will communicate this information to Colonel Alt, who is at present in Berlin.

I am, &c.
(Signed) SALISBURY.

No. 69.

The Marquis of Salisbury to Sir E. Malet.

(No. 49.) *Foreign Office, February* 13, 1889.
Sir,

I HAVE received your Excellency's despatch No. 56 of the 7th instant, inclosing copy of a *note verbale* from the German Foreign Office, in which it is stated that, in order to meet the wishes of Her Majesty's Government, the German Ambassador at Constantinople has been instructed, by telegraph, to use his good offices with the Porte in conjunction with Sir W. White, in order to obtain a settlement of the claims of the lessees of the Haïdar-Pacha Railway by means of arbitration.

I shall be glad if your Excellency will take an opportunity of offering my thanks to Count Bismarck for his prompt and friendly action in this matter. Her Majesty's Government have no doubt that the assistance of M. de Radowitz will be of very great service in bringing the question to a satisfactory issue. They have themselves been anxious to prevent their action on behalf of the lessees having any appearance of antagonism to the new German Concession. Their object has simply been to resist, in the general interests of justice, the claim of the Turkish Government to neglect the provisions of its own Contract, and to proceed by force where legal methods seemed less convenient.

I am, &c.
(Signed) SALISBURY.

No. 70.

The Marquis of Salisbury to Sir W. White.

(No. 52.) *Foreign Office, February* 13, 1889.
Sir,

I HAVE received your Excellency's despatch No. 54 of the 4th instant, inclosing copy of the note which you have addressed to Said Pasha, in reply to his Excellency's argument, that the proper course for the lessees of the Haïdar-Pacha Railway is to prosecute their claims against the Porte in the Turkish Tribunals.

I entirely approve the terms of your communication.

The Turkish Government have chosen themselves to depart from the provisions of their Convention with the lessees, and instead of having recourse to the Courts in the first instance, seized the railway by force. They have by this proceeding extinguished the Contract and put an end to its provisions, to which they can no longer appeal as existing from the date of the seizure.

The question has thus by the arbitrary action of the Turkish Government been removed from the province of the Turkish Courts, and is a matter which justifies the direct diplomatic intervention of Her Majesty's Embassy, and calls for settlement by the usual diplomatic remedy, which (where no Agreement can be attained by direct negotiation) is arbitration.

I have further to express my concurrence in the opinion expressed by your Excellency in your previous despatch No. 53 of the 3rd instant, that your action should be in concert with that of the Austro-Hungarian Embassy, and should be directed to the admission of the principle of arbitration, without entering into points of detail which should be settled by the parties themselves with the Porte.

I am, &c.
(Signed) SALISBURY.

No. 71.

The Marquis of Salisbury to Sir W. White.

(No. 54.) *Foreign Office, February* 14, 1889.

Sir,

THE Turkish Ambassador called here on the 9th instant to give me a reply to an inquiry I had previously made as to whether the Porte would undertake not to withdraw the deposit made by it at the Crédit Lyonnais in connection with the Haïdar-Pasha Railway, until the claims of the lessees had been disposed of.

His Excellency was instructed to state that the deposit had been a voluntary act on the part of his Government, as manifesting their good-will and desire to satisfy the wishes of Her Majesty's Government.

The Porte was disposed to allow the million francs to remain on deposit as long as possible, but they could not do so indefinitely, and they must reserve the right to withdraw it if the former lessees of the railway, who have not yet preferred their claim, delay proceedings, or allow them to drag on unreasonably.

I am, &c.

(Signed) SALISBURY.

No. 72.

Sir E. Malet to the Marquis of Salisbury.—(Received February 18.)

(No. 64. Confidential.) *Berlin, February* 16, 1889.

My Lord,

I HAVE the honour to inform your Lordship that Colonel Alt left Berlin on the 14th instant, after having instituted the legal proceedings against the Deutsche Bank which the Directors of the English Haïdar-Pacha Railway deemed to be necessary to protect their interests.

Before leaving Colonel Alt asked me, in case I felt myself authorized to do so, to speak to Count Bismarck and to urge upon him that it was very advisable in the interests of the German concessionnaires that they should come to an agreement with the English Company.

I told Colonel Alt that I was not authorized to speak on this point with Count Bismarck, but that it occurred to me that if there were strong arguments in favour of such an agreement, it might be useful that Count Bismarck should know them, and that I thought that Colonel Alt would do well to write a letter to Count Bismarck relating how the matter stands in as short a form as possible.

Colonel Alt said that he should be very glad to do so, and I have the honour to inclose a copy of a letter which he has in consequence written to his Excellency.

I have, &c.

(Signed) EDWARD B. MALET.

Inclosure in No. 72.

Colonel Alt to Count Bismarck.

Kaiserhof, Berlin, February 14, 1889.

Excellency,

I HAVE the honour to bring to your Excellency's notice that on the 4th October, 1888, a Concession was granted by the Turkish Government to the Deutsche Bank, Berlin, for the construction of an extension in Asia Minor of the Haïdar-Pacha to Ismidt Railway, which railway has been held since 1880 by me and my associates under an Imperial Firman which gives us the right to construct all extensions of the line.

One of the conditions of the Concession to the Deutsche Bank is that the sum of 6,000,000 fr. shall be paid against the delivery to the bank of our railway, and in order to obtain this money the Turkish Government, in spite of the strongest diplomatic representations on the part of the British and Austrian Ambassadors, arbitrarily and forcibly seized our railway on the 7th ultimo, and handed it over to the representatives of the Deutsche Bank on the 10th idem.

This action, so unprecedented even in the annals of Turkish proceedings, has produced legal complications between the Deutsche Bank and ourselves. An amount

of feeling has also been raised in England which is very lamentable, and cannot fail to become aggravated, to the evident detriment of German interests in the Asia Minor Railway, unless means are found to allay it by the reconciliation of German and English interests through an understanding being come to between those I represent and the Deutsche Bank.

With this object in view I have visited Berlin, and have had an interview with Dr. Siemens, the President of the bank, but as I have been informed that he is not yet in a position to discuss the matter with me, I am returning to-night to London.

We are quite ready, upon equitable terms, to co-operate with the Deutsche Bank in carrying out its Concession, and to remove all obstacles which at present hinder its accomplishment; and knowing the great interest your Excellency takes in the development of German enterprise, and believing that you may desire to assist in bringing about harmonious relations between the British subjects whose rights have been so unscrupulously violated by Turkey and the German subjects who obtained the Concession in question, I have ventured to trouble you with this communication in the hope that if an occasion presents itself to your Excellency you may use your influence in the desired direction.

I have, &c.

(For the Lessees of the Haïdar-Pacha to Ismidt Railway),

(Signed) W. J. ALT, of 14, Queen Victoria Street, London,
and care of Dr. Horwitz, 7, Mohren Strasse, Berlin.

No. 73.

Sir E. Malet to the Marquis of Salisbury.—(Received February 18.)

(No. 67.) *Berlin, February* 16, 1889.

My Lord,

I HAVE the honour to inform your Lordship that, in accordance with the instructions contained in your Lordship's despatch No. 49 of the 13th instant, I have to-day taken an opportunity to offer your Lordship's thanks to Count Bismarck for his friendly consent to instruct Count Radowitz to assist Sir W. White in urging the Porte to accept arbitration in the matter of the Haïdar-Pacha Railway.

I added that Her Majesty's Government have been anxious to prevent their action on behalf of the lessees having any appearance of antagonism to the German Concession, and that their object had simply been to resist, in the general interests of justice, the claim of the Imperial Government to neglect the provisions of its own contract, and to proceed to force where legal methods seemed less convenient.

I have, &c.

(Signed) EDWARD B. MALET.

No. 74.

Colonel Alt to Foreign Office.—(Received February 19.)

Sir, *14, Queen Victoria Street, London, February* 19, 1889.

IN continuance of previous correspondence on the subject of the Haïdar-Pacha to Ismidt Railway, I have the honour to report, for the information of his Lordship the Marquis of Salisbury, that we availed ourselves of the only course we were legally advised was open to us to prevent the payment of the 240,000*l.* by the German concessionnaires to the Turkish Government, by depositing a large sum as costs in the German Courts at Berlin, and instituting proceedings there against the Deutsche Bank.

For this purpose I visited that capital myself; but regret to state that our action has not had the desired result, and the payment against the delivery to the Germans of the property of which we were arbitrarily deprived has since been made.

Our anticipations, therefore, of bringing pressure to bear upon the Turkish Government have been disappointed. The prospect of any speedy settlement of our claims by way of arbitration is not encouraging; and our only hope of recouping our outlay, and of obtaining any return for our ten years of labour and anxiety lies in an Agreement being entered into between the Deutsche Bank and those I represent for jointly carrying out the construction of the Asia Minor railways.

Before leaving Berlin I had an interview with the President of the Deutsche Bank, in order to prepare the way for such an arrangement and for the removal of all existing difficulties; and from what that gentleman said I am led to believe that if the influence were brought to bear which I wish to solicit his Lordship the Marquis of Salisbury to exercise, this result would be achieved. For this purpose, after consulting with Sir Edward Malet, I addressed a letter to his Excellency Count Graf von Bismarck, of which I annex a copy.

Having thus made the German Government acquainted with the salient facts of the case, and indicated the direction in which a reconciliation of all conflicting interests may be brought about, I would now most earnestly ask whether his Lordship will consider the advisability of causing a communication to be made to Count von Bismarck of such a nature as to assist in bringing about an understanding which, while remedying in some measure the great injustice which has been inflicted upon British subjects, will, I feel sure, be welcomed by the Germans as a means of ending the state of conflict and complication which has already lasted five months, and which, unless removed, threatens to become aggravated and continue indefinitely.

I have, &c.
(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

Inclosure in No. 74.

Colonel Alt to Count Bismarck.

Kaiserhof, Berlin, February 14, 1880.

Excellency,

I HAVE the honour to bring to your Excellency's notice that on the 4th October, 1888, a Concession was granted by the Turkish Government to the Deutsche Bank, Berlin, for the construction of an extension in Asia Minor of the Haïdar-Pacha to Ismidt Railway, which railway has been held since 1880 by me and my associates under an Imperial Firman which gives us the right to construct all extensions of the line.

One of the conditions of the Concession to the Deutsche Bank is that the sum of 6,000,000 fr. shall be paid against the delivery to the bank of our railway, and in order to obtain this money the Turkish Government, in spite of the strongest diplomatic representations on the part of the British and Austrian Ambassadors, arbitrarily and forcibly seized our railway on the 7th ultimo, and handed it over to the representatives of the Deutsche Bank on the 10th idem.

This action, so unprecedented even in the annals of Turkish proceedings, has produced legal complications between the Deutsche Bank and ourselves. An amount of feeling has also been raised in England which is very lamentable, and cannot fail to become aggravated, to the evident detriment of German interests in the Asia Minor Railway, unless means are found to allay it by the reconciliation of German and English interests through an understanding being come to between those I represent and the Deutsche Bank.

With this object in view I have visited Berlin, and have had an interview with Dr. Siemens, the President of the bank, but, as I have been informed that he is not yet in a position to discuss the matter with me, I am returning to-night to London.

We are quite ready, upon equitable terms, to co-operate with the Deutsche Bank in carrying out its Concession, and to remove all obstacles which at present hinder its accomplishment; and knowing the great interest your Excellency takes in the development of German enterprise, and believing that you may desire to assist in bringing about harmonious relations between the British subjects whose rights have been so unscrupulously violated by Turkey and the German subjects who obtained the Concession in question, I have ventured to trouble you with this communication in the hope that if an occasion presents itself to your Excellency you may use your influence in the desired direction.

I have, &c.
(For the Lessees of the Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT, of 14, Queen Victoria Street, London,
and care of Dr. Horwitz, 7, Mohren Strasse, Berlin.

No. 75.

Foreign Office to Colonel Alt.

Foreign Office, February 19, 1889.

Sir,

I AM directed by the Marquis of Salisbury to inform you that the Turkish Ambassador at this Court has stated that his Government, while contending that the lessees of the Haïdar-Pacha Railway are largely indebted to them, have, nevertheless, deposited with the Crédit Lyonnais both the sum of 100,000 fr. stipulated in the Convention for the repurchase of the line, and a further sum of 1,000,000 fr. as a guarantee for any claims or indemnity to which the lessees might be found to be entitled after an examination of the accounts.

Rustem Pasha has further stated, in reply to an inquiry made by Lord Salisbury, that the Porte is disposed to allow these sums to remain thus deposited as long as possible, but that it cannot engage to do so for an indefinite period, and must reserve the right to withdraw the money if the lessees allow the proceedings to drag on unreasonably.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 76.

Colonel Alt to Foreign Office.—(Received February 20.)

14, *Queen Victoria Street, London, February* 20, 1889.

Sir,

I BEG to acknowledge the receipt of your communication of the 19th instant, informing me that the Turkish Ambassador has stated that his Government have deposited with the Crédit Lyonnais the sums of 100,000 fr. and of 1,000,000 fr. as a guarantee of any claims or indemnity to which the lessees of the Haïdar-Pacha to Ismidt Railway might be found to be entitled, but that Rustem Pasha has further stated that the Porte cannot engage to let these sums remain deposited for an indefinite period if the lessees allow proceedings to drag on unreasonably.

I beg at once, in reply, to state, for the information of his Lordship the Marquis of Salisbury, that we are absolutely powerless in regard to these proceedings, and I fear that unless Her Majesty's Government insist upon all questions at issue between the Porte and us arising out of our Convention of April 1880 being at once referred to independent arbitrators, the Turkish Government, in continuation of the arbitrary and unjustifiable policy it has hitherto pursued towards us with success, will find an excuse for withdrawing, as contemplated, from the Crédit Lyonnais, the amounts alluded to, and will allow the matter to drag on indefinitely.

To show that we are making every effort to arrive at an adjustment of our differences, I beg to inclose a copy of a letter addressed by M. Seefelder to the Grand Vizier of the 10th instant, with its annex, in which his Highness is begged to confirm in writing an understanding come to verbally with M. Seefelder on the 8th idem. Up to the day of my last advices, the 15th instant, no reply, however, had been received to this letter. I also inclose copy of M. Seefelder's letter of the 11th instant to Sir William White, handing him a copy of the letter to the Grand Vizier. M. Seefelder and Mr. Fears are also keeping Sir William regularly advised of everything which passes between them and the Turkish Ministers.

I cannot too strongly emphasize the feelings of indignation expressed by all who are interested with us, and by a daily widening circle of friends and sympathizers, at the unwarrantable action of the Turkish Government from which we are suffering; and I would, at the risk of fatiguing his Lordship, repeat most earnestly our prayer that means may be taken to bring us some alleviation in the only just and equitable manner under the circumstances, namely, the conclusion of an agreement between us and the Porte for reference of all questions to arbitration.

I have, &c.
(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway)
(Signed) W. J. ALT.

Inclosure 1 in No. 76.

M. Seefelder to Kiamil Pasha.

Constantinople, ce 10 Février, 1889.

Altesse,

AYANT référé aux locataires du Chemin de Fer de Haïdar-Pacha-Ismidt le résultat de notre entrevue du 8 courant, basée sur le programme d'arbitrage ci-annexé, que j'ai eu l'honneur de soumettre à votre Altesse, je vous prie respectueusement de vouloir bien me dire si ce qui suit est bien l'expression de ce qui a été arrêté entre nous :—

"Les locataires auront à soumettre au Gouvernement Impérial Ottoman les réclamations de toute nature qu'ils ont contre le Gouvernement Impérial, en indiquant les montants qu'ils réclament de ce chef.

"Toute réclamation, au sujet de laquelle un accord ne pourrait s'établir directement entre le Gouvernement Impérial et les locataires, sera déférée à la décision souveraine d'arbitres indépendants, choisis en nombre impair, le Président à être désigné de commun accord."

Je prie votre Altesse, en accusant réception de la présente, de vouloir bien me faire savoir si, dans ce qui précède, il y a accord entre nous ; cela étant, cet échange de lettre pourra nous servir de base de compromis d'arbitrage et mon intervention auprès des autres locataires pourra, alors seulement, utilement s'exercer dans le sens que votre Altesse a bien voulu me tracer.

Veuillez, &c.
(Signé) L. SEEFELDER.

Inclosure 2 in No. 76.

Programme d'Arbitrage pour le réglement du Différend de Haïdar-Pacha-Ismidt.

LES arbitres auront à statuer :—

Sur les réclamations en paiement de travaux faits et en dommages-intérêts, frais, et accessoires des locataires contre le Gouvernement Impérial pour la période d'exploitation de la ligne, à raison de ce que le Gouvernement Impérial n'a pas exécuté ou a violé les clauses et conditions de la Convention et du Cahier des Charges du bail.

Sur les réclamations en dommages-intérêts des locataires contre le Gouvernement Impérial pour la reprise illégale et prématurée de la ligne.

Sur les réclamations en dommages-intérêts des locataires contre le Gouvernement Impérial pour violation du droit de préférence qui leur était accordé sur tout autre concessionnaire pour la prolongation de la ligne à conditions égales.

Sur toutes les réclamations reconventionnelles du Gouvernement Impérial contre les locataires.

Les Articles ci-dessus ne sont pas limitatifs. Les parties énuméreront en détail dans des Mémoires qu'ils présenteront aux arbitres sous les chefs distincts de leurs réclamations découlant de l'affaire.

Inclosure 3 in No. 76.

M. Seefelder to Sir W. White.

Constantinople, ce 11 Février, 1889.

Excellence,

CI-ANNEXÉES j'ai l'honneur de faire parvenir à votre Excellence copies de la lettre et du programme d'arbitrage que j'ai remis à Son Altesse le Grand Vizir, pour le réglement de différend de Haïdar-Pacha-Ismidt.

Veuillez, &c.
(Signé) L. SEEFELDER.

No. 77.

The Marquis of Salisbury to Sir E. Malet.

(No. 57.)

Foreign Office, February 21, 1889.

Sir,

WITH reference to your Excellency's despatch No. 64 of the 16th instant, forwarding copy of a letter which Colonel Alt has addressed to Count Bismarck in regard to the desire of the lessees of the Haïdar-Pacha Railway to effect an amalgamation with the new German concessionnaires, I transmit to you herewith a copy of a letter from that gentleman, asking that Her Majesty's Government will use their influence with that of Germany in support of this proposal.[a]

Colonel Alt has not given any indication of the terms on which he and his associates would be ready to effect the amalgamation, nor of the amount of capital which they would be ready to furnish or obtain, and, however desirable it may be that British and German capital should be associated in the construction of railways in Asiatic Turkey, it is difficult to see on what grounds the concessionnaires can be urged to accept any arrangement which is not acceptable on its own merits, while it is to be presumed that if the operation offers sufficient advantages the concessionnaires would be ready to accept it without recommendation.

I should, however, be glad to be favoured with your Excellency's opinion upon the state of the case at Berlin, and on the disposition of the Deutsche Bank and the German Government in regard to this project.

I am, &c.
(Signed) SALISBURY.

No. 78.

The Marquis of Salisbury to Sir W. White.

(No. 60.)

Foreign Office, February 23, 1889.

Sir,

I TRANSMIT herewith a copy of a further letter from Colonel Alt, stating that M. Seefelder submitted to the Grand Vizier on the 10th instant, on behalf of the lessees of the Haïdar-Pacha-Ismidt Railway, the heads of an Arbitration Agreement, but that no reply whatever has been received to this communication.[b]

Colonel Alt further points out that the lessees are making every effort to arrive at an adjustment of their differences, but that the conclusion of an Arbitration Agreement seems the only equitable solution.

I should be glad if your Excellency would ascertain from Messrs. Pears and Seefelder the exact position of their discussions with the Turkish Ministers.

I am, &c.
(Signed) SALISBURY.

No. 79.

The Marquis of Salisbury to Sir W. White.

(No. 61.)

Foreign Office, February 25, 1889.

Sir,

IN my despatch No. 37 of the 29th ultimo I referred to a statement made by the Turkish Ambassador on the 11th January that the Turkish Government were prepared to discuss with the lessees of the Haïdar-Pacha-Ismidt Railway, either amicably or before the Tribunals, their claims and the Porte's counter-claims, and I added that, when questioned as to what was meant by the term "amicably," Rustem Pasha had said that it implied arbitration.

This statement was reproduced in your Excellency's note to the Porte of the 31st ultimo, copy of which is inclosed in your despatch No. 41 of the same date.

His Excellency has now called to say that he must have been misunderstood upon the occasion in question, as he had no authority to refer to arbitration, and he denies having done so.

I must observe that if the proposal to discuss and examine "à l'amiable" the reciprocal claims of the lessees, and the Porte did not include the idea of arbitration,

[a] No. 74. [b] No. 76.

where there was confessedly such extreme difference of views, it is difficult to understand what serious meaning it could have.

But this very fact may account for the impression, which I now regret to find was a mistaken one, that the communication implied an admission of the principle of arbitration.

That course of procedure still appears to me to be the proper mode of settlement, and Her Majesty's Government must continue to urge it.

I am, &c.
(Signed) SALISBURY.

No. 80.

Foreign Office to Treasury.

Foreign Office, February 28, 1889.

Sir,

WITH reference to your letter of the 10th August last, I am directed by the Marquis of Salisbury to request that you will state to the Lords Commissioners of the Treasury that the Turkish Ambassador has represented the anxiety of his Government to receive a reply to their communication respecting the surplus revenue of Cyprus, and to their request that the amount of the surplus admitted to be due should at once be paid to the Porte.

Rustem Pasha states that in a private letter dated the 17th December, he was informed by the Chancellor of the Exchequer that the latter hoped to be able shortly to send an answer through the Foreign Office.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 81.

Colonel Alt to Foreign Office.—(Received February 26.)

14, *Queen Victoria Street, London, February* 20, 1889.

Sir,

I HAVE to-day received from Mr. Pears, our legal representative in Constantinople, copy of a citation which has been served upon M. Seefelder to appear before the Turkish Courts in the matter of the Haïdar-Pacha to Ismidt Railway; and I am advised that another citation will be served upon me here through Rustem Pasha.

Mr. Pears informs me that Sir William White advised that Mr. Seefelder should go before the Court and plead incompetence. Mr. Pears, however, expresses the opinion, in which Mr. Pedrelli, another experienced local barrister, joins, that to do so would be absolutely fatal, and that the only practical course to adopt is that positive instructions should be forwarded to Her Majesty's Ambassador to announce to the Porte that he will not allow the British subjects concerned to present themselves before the Turkish Court in a matter where such Court will be both party and Judge, and that his Excellency should insist that the whole matter should be referred to arbitration, as was done in Baron Hirsch's case.

Mr. Pears further adds that Baron Calice, the Austrian Ambassador, will be prepared to support this course.

The citation is based upon Article XI of our Convention of April 1880, which provides that differences arising between the Imperial Government and the *locataires* shall be regulated by the Ottoman Tribunals; but I need not point out, for the information of his Lordship the Marquis of Salisbury, that this Article only applied to questions regarding the interpretation of the Convention which might have arisen during the time the *locataires* were in the enjoyment of the rights conferred upon them by Imperial Firman, and cannot apply to them now that the Turkish Government have arbitrarily dispossessed them of the railway.

I therefore most earnestly beg that his Lordship will be pleased to consider the advisability of sending to Sir William White instructions of the nature suggested by Mr. Pears; for it must now be evident to his Lordship that the Turkish Government

are determined not to hesitate at anything which they may think necessary to crown the gross acts of injustice which they have been guilty of towards us.

I have, &c.
(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

No. 82.

Foreign Office to Colonel Alt.

Foreign Office, March 1, 1889.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 26th ultimo, stating that the lessees of the Haïdar-Pacha Railway have received a citation to appear before the Turkish Courts at the suit of the Porte, that Sir W. White has advised that M. Seefelder should appear before the Court and plead incompetence, but that your legal advisers are opposed to this course.

I am to state that it appears to Lord Salisbury *primâ facie* that the proper method of meeting the citation is, that the defendants should enter at once a protest to the jurisdiction, and to appear under protest to argue the point; otherwise judgment may be given against them by default.

This, however, is a matter for your own consideration, and Lord Salisbury is not aware of the grounds on which your legal advisers consider that this course would be fatal.

Lord Salisbury will take the advice of the Law Officers of the Crown on the question, whether Her Majesty's Government are justified in taking exception diplomatically to the jurisdiction of the Court in the case. For this purpose, it would be desirable that you should forward to me a copy of the citation served on M. Seefelder.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 83.

Mr. Beauclerk to the Marquis of Salisbury.—(Received March 4.)

(No. 82.) *Berlin, March* 2, 1889.

My Lord,

I HAVE had the honour to receive your Lordship's despatch to Sir Edward Malet No. 57 of the 21st ultimo upon the subject of the Haïdar-Pacha-Ismidt Railway, and I took an opportunity of asking Count Bismarck on Monday last what were the views of the Imperial Government with regard to the project of Colonel Alt.

His Excellency replied that he had not particularly studied the subject up to the present time; but that he would look into the matter, and give me an answer in due course of time.

Meanwhile, his idea was that it was a private financial affair between the Deutsche Bank and the parties represented by Colonel Alt, upon which the German Government would not desire to express any opinion whatever.

Being personally acquainted with one of the Directors of the Deutsche Bank, I also called upon him on the same afternoon, and inquired what might be the disposition of that establishment in regard to the project in question.

Herr Wallich said that the Bank was on friendly terms with Colonel Alt, and had desired to assist him in obtaining payment of his claims against the Turkish Government; but Colonel Alt had been unable to obtain the judgment in England requisite for this purpose. The Bank had entered into the whole transaction with clean hands, and was unaware of any lien existing upon the Haïdar-Pacha Railway when they acquired possession of it.

Herr Wallich, however, said that he was not fully acquainted with the details of this business, which did not belong to his Department, but that Herr Siemens, another of the Directors of the Bank, would be able to give all information that could be desired, and would doubtless be most willing to let me know the views of the firm upon the whole transaction.

Herr Siemens was absent from Berlin for the day, but Herr Wallich would tell him

that I had called, and he would communicate further with me either personally or by letter. Since then I have heard nothing further on the subject, and I have thought it best to abstain from going again to the Deutsche Bank.

The impression made upon me by my interview with Herr Wallich, was that the Directors were but little disposed to accede to the proposal of Colonel Alt, or to accord anything to that gentleman beyond his strict legal rights.

I have, &c.
(Signed) W. BEAUCLERK.

No. 84.

Mr. Beauclerk to the Marquis of Salisbury.—(Received March 6.)

(No. 85.)
My Lord, *Berlin, March 4, 1889.*

WITH reference to my despatch No. 82 of the 2nd instant, I have the honour to inclose herewith to your Lordship copies of a letter which I have received from Colonel Alt, and of my reply thereto, respecting the Haïdar-Pacha-Ismidt Railway.

I have just received a lengthy letter from the Directors of the Deutsche Bank, of which I shall have the honour to transmit a translation to your Lordship by post to-morrow.

I have, &c.
(Signed) W. BEAUCLERK.

Inclosure 1 in No. 84.

Colonel Alt to Mr. Beauclerk.

Dear Mr. Beauclerk, *14, Queen Victoria Street, London, March 1, 1889.*

SIR E. MALET tells me that you are in charge of British interests at Berlin during his absence, and Sir J. Pauncefote informed me yesterday that the Foreign Office had written to Sir E. Malet upon the subject of my communication of the 19th ultimo, in which I handed the Foreign Office a copy of my letter to Count Bismarck of the 14th idem.

In the letter to the Foreign Office to which I allude, I asked that Lord Salisbury would be good enough to consider the advisability of communicating with Count Bismarck with a view to his assisting in bringing about an understanding between the Deutsche Bank and ourselves. I sincerely hope, therefore, that what may have been done by Sir Edward before he left, or by your good self since, may produce the results aimed at.

I need not tell you that I should be very grateful for any news you may be able to give me which will guide me in my negotiations with Dr. Siemens, the Chairman of the Bank.

Believe me, &c.
(Signed) W. J. ALT.

Inclosure 2 in No. 84.

Mr. Beauclerk to Colonel Alt.

Dear Colonel Alt, *Berlin, March 3, 1889.*

I HAVE received your letter of the 1st instant, and I have also received a despatch from Lord Salisbury concerning your negotiations here. You may rest assured that I will spare no efforts, according to my instructions, to further your best interests. For the moment I have no information to give you which is calculated in any way to guide you in your negotiations, but I expect to have something to send to the Marquis of Salisbury to-morrow, and no doubt his Lordship will cause to be forwarded to you any information material to your interests.

Yours sincerely,
(Signed) W. BEAUCLERK.

No. 85.

Colonial Office to Foreign Office.—(Received March 6.)

Sir, *Downing Street, March 6, 1889.*

WITH reference to the correspondence, noted in the margin,* relative to the objections recently raised by the Turkish Government to the calculation of the Cyprus Tribute made by Her Majesty's Government in 1882, I am directed by Lord Knutsford to transmit to you, to be laid before the Marquis of Salisbury, the accompanying copy of a letter from this Department to the Treasury.

The Treasury reply, which was dated the 10th August, was, it is understood, communicated direct by that Department to the Foreign Office.

It will be seen, on reference to the Treasury letter, that the Lords Commissioners of the Treasury laid it down that the principle which should govern the re-examination of the calculation was that manifest errors of calculation, or oversights, if found, should be corrected, but that matters of fair doubt on either side should be left unaltered, as having been already carefully considered with greater facilities for accurate judgment than now exist.

Upon the receipt of this letter, application for assistance was made to Sir Robert Biddulph, and with his aid a very thorough examination was made of the calculations on which the English Memorandum of 1882 was founded, and reference was also made to the Turkish Records preserved in Cyprus, and to the Records in Sir Robert Biddulph's possession of his negotiations at Constantinople in 1882. The result is embodied in the accompanying Memorandum, which, in Lord Knutsford's opinion, shows that the calculations are sound, and that there is nothing in them which justice requires Her Majesty's Government to alter.

Copies of this letter and the inclosed Memorandum have been communicated to the Treasury.

I am, &c.
(Signed) ROBERT G. W. HERBERT.

Inclosure 1 in No. 85.

Colonial Office to Treasury.

Sir, *Downing Street, April 24, 1888.*

I AM directed by Lord Knutsford to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a letter from the Foreign Office, inclosing a note from the Turkish Ambassador and a Memorandum disputing the conclusions arrived at in 1882 by Her Majesty's Government relative to the Cyprus tribute. Copies of three Foreign Office printed papers containing the previous correspondence are also inclosed for convenience of reference, and it is requested that these may be returned with your reply.

The conclusions of the English Government were embodied in a Memorandum, approved by the Treasury, which will be found at p. 13 of the Foreign Office printed paper (4801), Part II of 1882, No. 26 in series. That Memorandum was communicated to the Porte in Mr. Wyndham's note of the 14th November, 1882 (p. 49 of same paper). In 1883, the Turkish Ambassador asked for some further explanations and information, which were supplied to the Foreign Office by the Treasury in letters of the 8th September, 1883, the 10th December, 1883, and the 30th January, 1884; and Lord Knutsford is informed that the information thus supplied was communicated to the Turkish Ambassador on the 12th February, 1884. The Turkish Government has thus taken four years to make a reply to the British view of the case.

Lord Knutsford observes that in the Treasury letter to the Colonial Office of the 20th March, 1882 (p. 12), their Lordships stated that they were writing to Lord Granville, expressing a hope that the Memorandum would be communicated to the Turks, "as an ultimatum upon which further discussion will not be permitted." On turning to the text of the Treasury letter of the same date to the Foreign Office, Lord Knutsford finds that there was no mention of an "ultimatum" in so many words, but that a suggestion was made that the Memorandum should "be communicated to the Porte as final and closing the discussion" (p. 11). This suggestion, however, does not appear to have

* To Colonial Office, March 28; Colonial Office, April 24; to Colonial Office, July 12, 1888.

been adopted by the Secretary of State for Foreign Affairs, as nothing is said upon the subject in Lord Granville's despatch of the 27th October, 1882, or Mr. Wyndham's note of the 11th November in that year. It would therefore have been undoubtedly open to the Turks to continue the discussion at the time. Lord Knutsford proposes, with their Lordships' concurrence, to invite the attention of the Marquis of Salisbury to the long silence and delay on the part of the Turkish Government as affording possible reason for declining to reopen the discussion, and to add that the matter being one of a political character, should Lord Salisbury consider that further consideration of the Turkish representations cannot be peremptorily declined, Lord Knutsford will cause those representations to be carefully examined in this Department, with the assistance of Sir Robert Biddulph (who has promised his assistance in the matter), and that after the results of this examination have been submitted to the Treasury for review, he will be in a position to supply the Foreign Office with the materials for a final reply to the Turkish note. He will at the same time point out that the preparation of this reply must necessarily take up some considerable time.

I am, &c.
(Signed) R. H. MEADE.

Inclosure 2 in No. 85.

CYPRUS.

Memorandum.

IN a *note verbale* of the 19th March last, the Turkish Ambassador at this Court communicated to the Marquis of Salisbury a Memorandum, criticizing certain figures and conclusions contained in a Memorandum relative to the calculation of the Cyprus Tribute, which was prepared by the British Government in 1882, and communicated to the Sublime Porte by the British Chargé d'Affaires at Constantinople, in a note dated the 11th November, 1882.

In a note subsequent to that of the 19th March, 1888, that is to say, on the 7th July, 1888, his Excellency Rustem Pasha communicated to Lord Salisbury a further and extended Memorandum, going over much the same points as that of March 1888.

These two Memoranda have been carefully considered by Her Majesty's Government, who have arrived at the following conclusions on the subjects to which they relate:—

I.—*Extra Quarter Tithes.*—(*Quart de Dime Supplémentaire.*)

The Sublime Porte and Her Majesty's Government are agreed that the "extra quarter tithes," which were collected during the years 1290 and 1291 (A.D. 1874 and 1875), not having formed part of the permanent revenues, payable by law, are rightly included in Table (C), of deductions to be made from the general receipts (Table A) in calculating the Tribute; but the Turkish Government object that whereas these receipts have been included at the sum of 3,161,159 piastres in Table (A), they are included in the sum of 4,341,714 piastres in Table (C). It is suggested that the former sum (3,161,159 piastres) is the true amount encashed, and that the latter sum (4,341,714 piastres) is merely a budgetary estimate. It is thought that there is some misunderstanding here, as the figure 3,161,159 nowhere appears in the British Memorandum of 1882. Table (A) in that Memorandum simply gives the gross encashments on account of tithes for those years as follows:—

	Piastres.
1290	10,665,059
1291	9,305,935
Total	20,170,994

But in view of the remarks made by the Turkish Government, the question has been referred to Sir Robert Biddulph and the financial authorities in Cyprus, including the late Assistant Mouhassebedji, under the Turkish Government; and the result is to establish the fact that the figure 4,341,714 piastres was not a budgetary estimate, but was an actual encashment, and is doubtless included in the total of 20,170,994 piastres, representing the tithe collections of the two years.

The following is the detail of the collection of the "extra quarter tithe" supplied

by the local authorities from the local registers and accounts which were left behind in the island by the Turkish authorities:—

		Piastres.
1290—		
Quarter tithe of grains		1,840,360
" " Vakouf lands		93,406
" " silk		31,073
" " tobacco		1,280
		1,970,119
1291—		
Quarter tithe of grains		2,271,376
" " Vakouf lands		71,820
" " silk		28,799
Year 1291		2,371,995
" 1290		1,970,119
Total		4,341,714

In these circumstances, it will probably be admitted that the total of 4,341,714 piastres was rightly included in Table (C).

It may be observed that the point about this sum of 4,341,714 piastres being *droits constatés*—and not actual receipts—was raised by Ohannes Effendi at a meeting on the 27th May, 1879, with Sir Robert Biddulph, who then assured him that he was wrong, and that the figures represented actual encashments.

At a meeting two days later, on the 29th May, 1879, as reported at the time by Sir Robert Biddulph, the Turkish Representatives admitted the figure 4,341,714 piastres, which it is now sought to impugn and reopen.

II.—*Tapou Receipts.*

The Turkish Government appears to be under some misapprehension as to the existing views and intentions of Her Majesty's Government, when it uses the following words (as it does in the Memorandum of July 1888): "*Le Gouvernement Britannique, qui entend aussi verser séparément les 5,000l.* (under the Supplementary Convention of the 3rd February, 1879), *et ne pas les comprendre dans le compte de l'excédent des revenus, propose avec raison,*" &c. On the contrary, the view of Her Majesty's Government is the opposite. In the Supplementary Agreement of the 3rd February, 1879, the sum payable for the land revenues was fixed at a sum greatly in excess of their past average value, which sum was agreed to by Sir Austin Layard upon the faith of a Table supplied officially by the Turkish Government to the British Ambassador, in which the receipts were represented for the five years as having amounted to 4,627,138 piastres, whereas really they amounted to only 1,996,095 piastres; a fact afterwards admitted by the Turkish Representatives in their negotiations with Sir Robert Biddulph. The effect, therefore, of the Turkish proposal, that the two Conventions should be regarded separately, and that the sum to be inserted in the Table of receipts should be equal to the sum deducted therefrom, would be that, under the two Conventions taken together but interpreted separately, the British Government would be paying and the Turkish Government would be receiving the equivalent of 200,072 piastres per annum more than the average net value of its land and other permanent revenues put together. The Turkish Government is aware that Sir Robert Biddulph in his negotiations at Constantinople in 1879 proposed to hold the Turkish Government to the Memorandum supplied by the Turkish Land Office in November 1878 to Sir Austin Layard, the effect of which would have been that the Turkish Government would have been subjected to a penal deduction equivalent to 300,302 métallique piastres in perpetuity. But in 1882 Her Majesty's Government, upon a review of the whole case, felt themselves at liberty to depart from Sir Robert Biddulph's view, and to fix the deductions on account of the tapou receipts at a sum which would cause neither loss nor gain to the Turkish Government by reason of the erroneous land revenue Return of November 1878.

This decision was explained as follows in the English Memorandum of 1882, already referred to:—

"The actual receipts of the Defter-Khané for the five years 1873-77 were 1,996,095 piastres; but the Table produced by the Land Revenue Department at Constantinople as a basis of negotiation when the Convention of February was under discussion purported to show receipts amounting to 4,627,138 piastres. Sir R. Biddulph had been supplied

with a copy of this Table, and in the negotiations with which he was charged he contended that the Porte was bound by the Table furnished by its officials, and that the sum of 4,527,138 piastres ought to be deducted from the statement of receipts. The Turkish Delegates, on the other hand, argued that the Convention of the 3rd February was a distinct transaction, and had nothing to do with the Annex to the Convention of the 4th June, and that the true figure of the receipts was the amount to be deducted. Her Majesty's Government are not prepared to agree with either contention. The effect of agreeing to the Turkish argument would be that England would have to pay too much, and the effect of adhering to the view of Sir R. Biddulph would be to pay too little. They agree with that officer that, in strictness, the Turkish Government is bound by the Table produced by its officers, but desiring to carry out in a liberal spirit the arrangement with Turkey, as explained by Lord Salisbury in his despatch of the 30th May, 1878, so that the receipts passing into the Treasury of the Sultan may not be diminished by the cession, they have decided that the proper sum to be deducted from the mean net receipts is the equivalent in métallique piastres (at the rate at which the tribute is to be converted into gold) of the 5,000*l.* which was agreed to be paid under the Convention of the 3rd February, 1879, for the land revenues. The rate of conversion, as will be shown, is 108 piastres 10 paras to the Turkish lira, and the equivalent of 5,000*l.* will be 599,125 piastres."

Her Majesty's Government have nothing to add to this explanation. The decision then arrived at was, they consider, the only possible and just one under the circumstances of the case.

III.—*Pensions, Intérêts, et Redevances* (*Beilelats*).

The Turkish Government appears to be under the impression that the pensions included in the "deductions on account of administrative expenses" consisted entirely of pensions granted for past public services, civil or military. This appears to be a mistake. The greater number of the so-called pensions are "téké allowances," or "timar," or "ziamet" pensions, which latter are equivalents for cancelled land-grants. They are strictly local in character, and they have been taken over as a charge on, and paid from, Cyprus, funds every year since the British occupation. This will be seen from the accompanying copy of the Cyprus Estimates for the coming financial year. At pp. 34-36 of these Estimates a nominal list of pensioners will be found. It might have been a question at the time of the transfer of the administration of Cyprus to Great Britain whether it would have been well for the Turkish Government to make separate arrangements for paying the civil, military, and other Turkish pensioners resident in Cyprus, but no such arrangement was made or proposed at the time. The present arrangement has lasted for nearly eleven years. Her Majesty's Government are therefore not prepared to reopen the question.

The Turkish Government suggest that if any Turkish pensioners residing in Cyprus wish to draw their pension in that island they should take certain steps at the Ministry of Finance, which Department might then, it is suggested, request the British Government to pay the pensions, as it has actually done in three instances, viz., those of Mustapha Agha, Salih Agha, and Edib Effendi. These three officers, it may be remarked, are not amongst the pensioners who are paid out of sums voted by the Cyprus Council for pensions, but their pensions have been deducted from the annual tribute payments direct, and, as far as these three pensioners are concerned, Her Majesty's Government agree in the remark that "*lorsque ces pensions s'éteignent le montant en fait retour au Trésor Impérial.*" Indeed, it is believed that one of the three is now dead, and the deduction on account of his pension is no longer made from the annual tribute payments; but Her Majesty's Government cannot agree in the view—if such is the view of the Turkish Government—that as the pensioners taken over in 1879 die the amount of their pensions thus lapsing should be added to the tribute payments, because in the meantime pension claims are accruing on the part of many officers, who are nearly all Ottoman subjects, and much of whose services were rendered to the Turkish Government in Cyprus. Thus, the Malmudir of Limasol has been just placed on a pension, the amount of which is based in part on good service rendered before the British occupation.

It may be added that this principle of deducting the charge for pensions from the receipts was admitted by the Turkish Representatives in their negotiations with Sir Robert Biddulph in 1879.

IV.—*Forced Loan.*

It is presumed that the objections which the Turkish Government make to the deduction from the Table of general receipts of the proceeds of the forced loan of 1877 (379,578 piastres) arise from the mixing up with that question of the totally distinct question of the repayment by the Cyprus Government of the persons on whom the loan was levied. The two matters have no relation to one another.

In calculating the permanent tribute, the amount received from the loan was deducted from the Table of general receipts on the same grounds as those on which the extra quarter tithes of 1874 and 1875 were, by agreement, deducted. These grounds may be best stated in the words of the first Turkish Memorandum, used in relation to the "extra quarter tithes," which stood on the same footing as do the proceeds of the forced loan. These words are—"Le produit . . . . ne constituant pas un revenu permanent, on avait paru être d'accord pour ne pas le faire figurer sur les comptes."

Since the English occupation of Cyprus, the Cyprus Government has, with the approval of Her Majesty's Government, made arrangements for repaying to the residents in Cyprus from whom the loans were levied the amount lent by them to the Turkish Government; and the amount so repaid has been deducted from the annual tribute payments. Her Majesty's Government are prepared to explain and defend this latter course in detail if necessary, but they do not propose to do so on the present occasion, for they consider that the absence of connection between the repayment to individuals and the calculation of the permanent tribute will be obvious to the Turkish Government after this explanation.

V and VI.—*Caimé and Conversion of Métallique into Gold.*

The Turkish Government expresses a belief that the figure of 5,039,766 piastres, which stands for the tithes of 1877 (1293), represents the conversion into *gold* piastres of a sum of 11,013,777 piastres caimé, which appeared in a Turkish account produced on the 31st May, 1879, by the Turkish Representatives who were negotiating with Sir Robert Biddulph. That officer has been referred to in this matter, and his statement is that the tithes of 1877 (1293) were only encashed in money by the Cyprus Government to the extent of 5,044,337 piastres caimé. The rest of the year's tithes, consisting of wheat and barley, was not sold, but taken in kind by the Turkish Government, and sent direct to Crete and Constantinople to feed the Turkish army.

The quantities so sent and the values at which they were entered in métallique were given to him on the 3rd June, 1879, by the Turkish Representatives with whom he negotiated. The 5,044,337 piastres caimé actually encashed were turned into métallique money at the rate of 178 and a fraction caimé piastres to 100 métallique piastres, which is a fair rate for the year 1293, seeing that the average métallique value for that year was about 116 to the £ T, and the average value of caimé about 207 to £ T.

The detail of the transaction was as follows:—

				Métall. Piastres.
Value in métallique of tithes encashed				2,826,200
Grain sent to Crete—				
Wheat,	4,600 kilog. given at 30 métall. pts.			138,000
,,	22,942 ,, ,, 32 ,,			734,144
Barley,	1,000 ,, ,, 16 ,,			16,000
Grain sent to Constantinople—				
Barley,	31,010 kilog. given at 13 ,,			401,130
,,	12,800 ,, ,, 13½ ,,			172,800
,,	18,560 ,, ,, 14½ ,,			269,120
,,	11,740 ,, ,, 15 ,,			176,100
,,	19,017 ,, ,, 16 ,,			304,272
Total				5,039,766

It will thus be seen that the figure of 5,039,766 is rightly assumed to represent the value of the year's tithes in métallique, and that it was therefore proper to include this sum of 5,039,766 piastres in the general conversion of métallique into gold at the uniform rate of 106¼ métallique piastres to the £ T.

It is not thought that there is any other point in the Turkish Memorandum which now remains unexplained.

Colonial Office, February 28, 1880.

No. 86.

Sir W. White to the Marquis of Salisbury.—(Received March 7.)

(No. 78. Confidential.)
My Lord, *Constantinople, February 26, 1889.*

I HAVE the honour to report to your Lordship that M. de Nélidow, who was to have gone to St. Petersburgh on leave on the 21st instant, as reported by me previously, has postponed his departure, and will probably not start for another week.

His Excellency is in the meantime using all his efforts to obtain some further payment from the Porte both on account of the War Indemnity due to his country, and also of the sum to which his subjects are entitled under the last Treaty. Of the former, his Excellency insists on the payment of a sum of at least 200,000*l.* odd, a deficiency which has accrued during the present financial year, in addition to about £ T. 600,000 which remained due from previous years.

He has addressed another note in this sense in very pressing language to the Turkish Minister for Foreign Affairs a few days ago.

I have, &c.
(Signed) W. A. WHITE.

No. 87.

Sir W. White to the Marquis of Salisbury.—(Received March 7.)

(No. 79.)
My Lord, *Constantinople, February 27, 1889.*

AS your Lordship is aware, the question of the claims of the Ottoman Government against Baron de Hirsch, the contractor and constructor of the Oriental-European railway lines, has been in existence for many years, the Imperial Government claiming large damages from the Baron not only under the head of construction, but likewise from the Society directed by him under the name of the Société d'Exploitation, since these lines have been supposed to be in working order.

Under the former head, Arbitrators have been appointed by both parties, but nothing has been as yet decided, but claims and counter-claims under the latter head have been the subject of negotiations between the Porte and the Baron for a very long time.

A year ago he came himself to Constantinople, and after a protracted stay offered the Porte 15,000,000 fr., and ultimately 20,000,000 fr., and I hear he went as far as 23,000,000 fr., but no arrangement was concluded. Arbitrators were appointed by both parties, and these cleared the ground for an umpire, to whom six contested points were left for decision.

After prolonged negotiations for the selection of this umpire, Dr. von Gueist, the eminent Berlin Professor of Jurisprudence, was agreed to, and he delivered his final sentence at Berlin on the 25th instant, by which the Ottoman Government is entitled to recieve a balance of 27½ millions (odd) of francs from Baron de Hirsch in satisfaction of all claims, after the deduction of counter-claims under the head of the "exploitation."

Much satisfaction is expressed in Turkish circles at the result of this arbitration, for which great credit is due to the Grand Vizier.

I understand that Baron de Hirsch is about to remit that amount at once in cash.

I have, &c.
(Signed) W. A. WHITE.

No. 88.

Sir W. White to the Marquis of Salisbury.—(Received March 7.)

(No. 83. Secret.)
My Lord, *Constantinople, February 28, 1889.*

AS your Lordship is well aware, the Russian Embassy at Constantinople has, since the Treaty of Berlin, pursued, in addition to its vast political schemes and interests, also the payment of two indemnities arising out of the late war, *i.e.*, the actual war indemnity which constitutes the arrangement of the 14th May, 1882, and the indemnity to Russian subjects.

It cannot be said that this question has ever been given undue importance by the Embassy; on the contrary, the threats made use of occasionally have been of a sporadic character, and the energy of the language used looks much more as prompted in consequence of a momentary disappointment in the realization of political objects than dictated by the hope of any immediate payment.

The Sublime Porte having got into arrears of about £ T. 600,000, pledged itself, in reply to pressing representations last year, to add an instalment of £ T. 100,000 annually until these arrears were fully paid up, promising at the same time more regularity in future.

M. de Nélidow has, within the last few weeks, addressed the Porte in very peremptory language on this subject, as your Lordship has, I dare say, observed from my despatch No. 67, Secret, of the 13th February; but this step, supported though it has been by equally urgent verbal representations, has hitherto produced no result.

There is a difference as to the new arrears that have accrued within the present year; and whilst M. de Nélidow claims £ T. 260,000 as due over and above the £ T. 600,000 above alluded to, the Grand Vizier says that the amount is only about £ T. 100,000, which the Porte will probably be ready to pay shortly.

I am told that this difference arises from the fact of M. de Nélidow not taking into account two payments, £ T. 44,000 and £ T. 40,000 respectively, effected to the credit of the Russian Government with the Ottoman Bank in January and February 1889, nor whilst the Turkish Treasury considers likewise that there is a considerable sum still expected from the sale of the tithes in kind coming, in the present financial year, from seven districts whose revenues are assigned to Russia, does the Embassy look upon it in any other light than that of an outstanding debt.

As regards the arrears of the indemnity due to the Russian subjects the Porte has, within the last few days, paid £ T. 40,000, and declares itself ready to pay a further £ T. 10,000 within the next fortnight, *i.e.*, up to the 1st (13th) March, 1889.

M. de Nélidow, on the other hand, insists on at least £ T. 100,000 being paid to him on that account.

The absence of any important political success on his Excellency's part has made him naturally very desirous to bring this matter to a more satisfactory issue on the eve of his departure for St. Petersburgh.

I have, &c.
(Signed) W. A. WHITE.

No. 89.

Sir W. White to the Marquis of Salisbury.—(Received March 7.)

(No. 90. Confidential.)
My Lord, *Constantinople, March 2, 1889.*

By your Lordship's despatch No. 60 of the 23rd ultimo, received by post, I was instructed to ascertain from Messrs. Pears and Seefelder the position of their discussions with the Ottoman Government as to an arbitration agreement for the solution of their claims on the Sublime Porte as lessees of the Haïdar-Pacha-Ismidt Railway.

In reply, I have the honour to forward copies of a communication I have received from these gentlemen two days ago, with the following observations:

As the Sublime Porte persistently refuses to admit of diplomatic intervention in this claim, I have had to confine myself to pleadings unofficially with the Grand

Vizier in favour of an agreement for arbitration as in our view the only prompt and equitable solution.

In this I have been supported by the Austro-Hungarian and German Ambassadors.

M. de Radowitz thought, however, that it was desirable to leave out all reference to the rights of pre-emption.

On my strongly representing to his Excellency how unsatisfactory such a course of proceeding would prove, he kindly promised to reconsider the subject, and consented to his principal Dragoman, Herr Testa, taking part with the one of Austria-Hungary and M. Stavridès and Mr. Pears in discussing a programme of points for arbitration to be submitted and recommended to the Grand Vizier by the three Embassies unofficially.

I hear, however, that M. de Radowitz has received since information from Berlin of proceedings having been commenced in a civil suit against the Deutsche Bank by Colonel Alt, and that this information has cooled him again.

My means for pressing the acceptance of such a programme on the Sublime Porte are, as your Lordship is aware, extremely limited. Moreover, it is well known that the Grand Vizier has repeatedly intimated that his Government cannot accept any kind of arbitration unless the lessees state previously a figure at which they estimate the "maximum" amount of their claims, and this has not been done up to this moment.

I am not aware how far Colonel Alt and his associates concur in the programme, as inclosed, drafted on their behalf by Mr. Pears, but I am afraid that the Grand Vizier will not be prepared to discuss it until the figure mentioned above has been stated to his Highness, and even then I fear many objections may be made to some portions of this programme, which, instead of being limited to the principle of arbitration, enters into details, and in this way goes beyond the instructions given me by your Lordship in your despatch No. 52 of the 13th February.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 89.

Mr. Pears to Sir W. White.

Excellency, *Constantinople, February* 28, 1889.

HEREWITH, on behalf of Mr. Alt, I have the honour to send your Excellency the programme of arbitration which Mr. Alt would be prepared to accept and which we wish to have submitted to the Imperial Ottoman Government, with the assistance of Her Majesty's Embassy, in order that the Porte may accept it. Should this programme be accepted, it will be necessary to draw up a submission or "compromis" of arbitration to be signed in due form on behalf of the concessionnaires and on behalf of the Government.

M. Seefelder is sending a copy of the same programme with a similar application to his Excellency the Austrian Ambassador.

I have, &c.
(Signed) E. PEARS.

Inclosure 2 in No. 89.

Programme of Arbitration.

(A.) LES arbitres auront à statuer:

Sur toutes le réclamations des locataires afférentes à la période de leur exploitation de la ligne;

Sur toutes les contre-réclamations du Gouvernement Impérial afférentes à la même période;

Sur les réclamations en dommages-intérêts des locataires pour la reprise de la ligne, exercée contrairement aux actes qui régissaient la location;

Sur les exceptions, oppositions, et défenses des parties, aux réclamations précitées;

Toutes les dites réclamations devront être de part et d'autre formulées dans des listes explicatives qui feront partie intégrante du compromis d'arbitrage.

(B.) Les arbitres auront également à décider:

Si le droit de préférence pour la prolongation de la ligne à conditions égales, accordé aux locataires par l'Article IX de la Convention du Bail doit être considéré comme périmé par la faute des locataires, ainsi que le Gouvernement Impérial le prétend dans une lettre du Ministère des Travaux Publics en date du 4 (16) Octobre, 1888.

Si par la notification faite aux locataires de vouloir exercer la faculté de racheter le bail en conformité du même Article IX de la Convention, le susdit droit de préférence a cessé de subsister, ainsi que le Gouvernement Impérial le prétend dans la lettre précitée.

Si en cas de réponse négative aux deux questions précédentes, le Gouvernement Impérial a lésé le droit des locataires en donnant à d'autres la Concession de l'extension de la ligne.

Si en cas de réponse affirmative à cette dernière question le Gouvernement Impérial est tenu de payer aux locataires des dommages-intérêts, lesquels devront dans ce cas être évalués et fixés à dire d'experts.

No. 90.

Mr. Beauclerk to the Marquis of Salisbury.—(Received March 7.)

(No. 88.)
My Lord, *Berlin, March* 5, 1889.

WITH reference to my despatch No. 85 of the 4th instant concerning the Haïdar-Pacha Railway, I have the honour to inclose to your Lordship herewith translation of a letter which I have received from the Directors of the Deutsche Bank respecting their transactions with Colonel Alt.

I have, &c.
(Signed) W. BEAUCLERK.

Inclosure in No. 90.

The Deutsche Bank to Mr. Beauclerk.

(Translation.)
Most Honoured Sir, *Berlin, March* 2, 1889.

WITH reference to the conversation which one of our Directors, Herr Wallich, had the honour to have with you, we venture to bring to your knowledge the following considerations respecting the claims raised against us by Messrs. Alt and Morrison:—

It was settled in the agreement for the Concession which our Representative arrived at with the Imperial Ottoman Government respecting the acquisition of the line of railway from Ismidt to Angora, that we should take over that part of the line from Haïdar-Pacha to Ismidt which was already constructed for the sum of 6,000,000 fr. from the Turkish Government, and that we should liquidate this payment within the space of one month, after which, this line would fall to us "libre de toutes dettes, charges, et empêchements."

The provisions in question of the Concessionary Agreement run as follows:—

"Le Gouvernement Impérial s'engage à remettre au concessionnaire la ligne de Haïdar-Pacha à Ismidt avec son matériel fixe et roulant ses installations, accessoires et dépendances, dans l'état où ils se trouvent actuellement, ainsi que les travaux existant au delà d'Ismidt avec les terrains sur lesquels ces travaux ont été établis.

"Dans delai d'un mois après la remise de la susdite ligne et des susdits travaux libres de toutes dettes, charges et empêchements, le concessionnaire payera au Gouvernement Impérial la somme de 6,000,000 fr."

The putting into execution of these provisions of the Concession met with difficulties as far as concerned the Ottoman Government, inasmuch as the former concessionnaires and lessees of the Haïdar-Pacha-Ismidt Railway, Messrs. Seefelder, Alt, and Co., claimed that they not only had the right to continue to carry on the business of the railway in future, but that the right of refusal in respect to any Concessions for

continuations of this line—accordingly the line from Ismidt to Angora which has been conceded to us—had also been granted to them, and they especially denied the right of the Government to deprive them of the line of railway.

We could only take up the position in respect to these litigations, that we are not in any way directly concerned in them. We stand in Treaty and legal relations with the Turkish Government only, with whom we concluded the Concessionary Treaty, and have no relations with any third party, be he the lessee of the line abandoned to us, or a claimant to the Concession we have obtained. We could not foresee that the Government would make a contract with us about an object which they had no right to dispose of. The Concessionary Agreement dates from the 22nd September, 1304, to the 4th October, 1888. It was only a long time later at the end of January last that we were informed by the communication to us of the so-called "Protest" on the part of Mr. Alt and Company, as well as of an exposé drawn up by their legal representatives, Messrs. Ashurst, Morris, Crisp, and Co., of the claims which these gentlemen believed themselves entitled to enforce with regard to the action of the Turkish Government. We were then not in a position to alter the Treaty which had been concluded in any way. We were rather obliged simply to leave it to the Ottoman Government to decide as to how they would get out of the difficulty, whether by making themselves guilty of breach of contract to them, and rendering themselves thus liable to claims for damages, or by preferring to keep to their contract with us, while running the risk of having to make reparations to some other party. We were only interested in this difficulty in so far as it was a question of being careful that the Haïdar-Pacha Railway line should be handed over to us "libre de toutes dettes, charges, et empêchements."

For precisely that reason did we agree to a term of one month before the payment of the purchase-money should take place, and we should have been quite ready, had any legal reason for such action presented itself, to put off the actual payment, and deposit the purchase-money. By this means our interests would be best served, as well as those of the others, who intend to satisfy their claims out of this very purchase-money. We therefore did not share the opinion of the Ottoman Government, that immediately on the handing over of the line we should make the payment of the purchase-money by providing bills at one month's sight, and insisted upon acting upon the letter of the Agreement, and only paying one month after the transaction. Owing to this conduct on our part, and to this term being kept open, Messrs. Alt and Co. were placed in a position to make good their claims in so far as to be able to place a distraint upon the purchase-money now owing, whether it be here at Berlin or at Constantinople.

We went even further, in that we pointed out to these gentlemen through our London Agency on the one side, and their representative here on the other, that, in order to protect their claims, they must take the above-mentioned steps.

This, however, was not done. The gentlemen confined themselves rather to making a private protest, which, according to the law here in force, is absolutely without any legal signification. And when they had determined to make a complaint they did not address the same to the Turkish Government, in which case they could have placed an embargo on the claims which the Government have against us, but they made a complaint against us personally on the ground of a supposed understanding on our part with the Turkish Government with reference to the dubious transaction affecting them.

After the delay agreed on, for the payment had passed, without Messrs. Alt and Co. having laid claim to the property of the Turkish Government in our hands, or having declared their claim as a charge on the railway, we were not justified in objecting further to the payment. We are not responsible for money claims under the terms of a contract, which the above-named gentlemen have against the Turkish Government, and our responsibility could only reach so far were we empowered to refuse payment and deposit the purchase-money.

From this representation of the facts of the case, it will be seen that we throughout have met the views of Messrs. Alt and Co. as far as was compatible with our obligations to the Turkish Government, and that it is not our fault if they, with a view to protecting their own interests, have adopted a course which, in our opinion, was the least calculated to attain this end.

(Signed) DEUTSCHE BANK.

No. 91.

Mr. Beauclerk to the Marquis of Salisbury.—(*Received March 7, 6·35 P.M.*)

(No. 13.) (Telegraphic.) *Berlin, March 7, 1889, 5·30 P.M.*

WITH reference to my despatch No. 88 of the 5th instant, Under-Secretary of State for Foreign Affairs informs me, confidentially, that German Bank, after settlement of difficulties with Caillard and his group, would be willing to admit co-operation of serious English capitalists perhaps as far as one-half of the railway concern. Concession would be made to Colonel Alt as soon as to another, if he is backed by Morrison or other important capitalists.

No. 92.

Mr. Beauclerk to the Marquis of Salisbury.—(*Received by telegraph, March 7.*)

(No. 92. Confidential. Ext. 13.) *Berlin, March 7, 1889.*

My Lord,

I HAD the honour to telegraph the following to your Lordship this afternoon with reference to my despatch No. 88 of the 5th March regarding the Haïdar-Pacha-Ismidt Railway.

I have been informed by Count Berchem to-day that the Deutsche Bank have stated confidentially to his Excellency, in reply to inquiries made by him, that as soon as they can arrange outstanding difficulties with Mr. Caillard and his group at Constantinople, they would welcome the co-operation of serious British capitalists in the business of the Haïdar-Pacha Railway, and would be ready to admit English capital, say to the extent of one-half of the concern in question.

The Bank would be prepared to arrange matters with Colonel Alt as willingly as with any one else, if that gentleman represents Mr. Morrison or other English capitalists of good standing and renown. Count Berchem added that the business appeared to be financially sound, and that it might be advantageous for German and English capital to be employed in co-operation, with a view to checking the preponderance of French financial interests in Turkey.

I have, &c.
(Signed) W. BEAUCLERK.

No. 93.

Foreign Office to Colonel Alt.

Foreign Office, March 7, 1889.

Sir,

WITH reference to your letter of the 19th ultimo, asking Her Majesty's Government to use their influence with that of Germany with a view to promote a fusion between the lessees of the Haïdar-Pacha Railway and the new German concessionnaires, I am directed by the Marquis of Salisbury to inform you that, after communicating with Her Majesty's Chargé d'Affaires at Berlin, he does not think that he can undertake to interfere in the matter, which appears to be one to be left to private negotiation between the parties.

I am, &c.
(Signed) P. CURRIE.

No. 94.

Mr. Beauclerk to the Marquis of Salisbury.—(*Received March 11.*)

(No. 98.) *Berlin, March 9, 1889.*

My Lord,

WITH reference to my despatch No. 92 of the 7th instant, I have the honour to inform your Lordship that Colonel Alt called upon me to-day previous to his departure for London, to tell me that he had been to the Deutsche Bank, and had had interviews with two of the Directors, but that Dr. Siemens had gone to Constantinople in connection with

the business of the Haidar-Pacha Railway, and that consequently he could not, in the absence of that gentleman, obtain any definite answer to his proposal for a fusion between the British and German capitalists.

Colonel Alt asserted that he was backed by a large amount of capital in England, and that those whom he represented were in a position virtually to command the money market in London.

I ventured to suggest to him that he would best further the interests which he has in view by convincing your Lordship and the Deutsche Bank of this fact, and I at the same time made it clear to him that, at any rate at present, no influence could be brought to bear upon the Deutsche Bank by this Embassy with a view to inducing that establishment to accede to his proposals.

Colonel Alt, however, seemed highly satisfied with the favourable turn which matters had taken for him since his last visit to Berlin, and he is apparently so far confident of the ultimate success of his negotiations, that he announced his intention of explaining the whole of his scheme of operations in a confidential Memorandum to Dr. Siemens, with the expectation that the co-operation of his syndicate would be accepted by the Deutsche Bank.

Colonel Alt has been at pains to explain to me at considerable length, in every interview which I have had with him, the financial intricacies of this question, as being the reasons of the various difficulties which he has hitherto encountered; but I did and do not profess to understand this aspect of the matter.

I informed Colonel Alt (upon the authority of Count Berchem) that he need not expect an answer to his letter to Count Bismarck, since the German Government did not consider the affair as one which called for their official interference.

Colonel Alt expressed considerable gratitude for services which he appeared to consider that I had rendered to him; he said that he should on his return to London solicit your Lordship's attention to his negotiations, and that he should probably soon come back to Berlin, unless he were obliged to travel to Constantinople in connection with the business of the Haidar-Pacha-Ismidt Railway.

I have, &c.
(Signed) W. BEAUCLERK.

No. 95.

Foreign Office to Colonel Alt.

Sir, *Foreign Office, March* 12, 1889.

WITH reference to my letter of the 7th instant and to previous correspondence respecting the claims of the lessees of the Haïdar-Pacha-Ismidt Railway against the Turkish Government, I am directed by the Marquis of Salisbury to inform you that Her Majesty's Ambassador at Constantinople has forwarded to this Office a copy of a letter which your legal adviser at Constantinople, Mr. Pears, has addressed to him, inclosing a programme of arbitration for submission to the Porte.

Sir W. White remarks that, as the Sublime Porte persistently refuses to admit of diplomatic intervention in regard to these claims, his action has been in the shape of unofficial representations to the Grand Vizier in favour of an Agreement for arbitration, as being, in the opinion of Her Majesty's Government, the only prompt and equitable solution of the questions at issue.

These representations have been supported by the Austro-Hungarian and German Ambassadors. His Excellency states, however, that the Grand Vizier has repeatedly intimated that the Turkish Government cannot accept any kind of arbitration unless the lessees state previously a sum at which they estimate the maximum amount of their claims, and that this has not been done up to the present moment.

His Excellency is not aware how far you and the gentlemen acting with you concur in the programme drafted by Mr. Pears, but he fears that the Grand Vizier will not be prepared to discuss it until the maximum amount of claims has been stated to his Highness as mentioned above, and that even then he anticipates that many objections will be raised to some portions of the programme, which is not limited to establishing the principle of arbitration, but enters into various details.

I am, &c.
(Signed) JULIAN PAUNCEFOTE.

No. 96.

Sir W. White to the Marquis of Salisbury.—(Received March 13.)

(No. 15.)
(Telegraphic.) *Constantinople, March* 13, 1889, 4·50 P.M.

YOUR Lordship's despatch No. 61 of 23rd ultimo: Haidar-Pacha Railway claims.

The Grand Vizier, in taking into consideration our desire for the admission of the principle of arbitration, insists, as his Highness has done all along, that claimants should insert figures with regard to the different items. I am told that their representatives here object to do this unless the Porte agrees irrevocably to the arbitration. I am unable to obtain or to give any such guarantee. Will, however, endeavour to do my best.

An exaggerated claim as to amount would no doubt deter the Porte from carrying out the arbitration, and is to be deprecated on that account. Do the interested parties in England really countenance this pretension of their representatives here?

No. 97.

Sir W. White to the Marquis of Salisbury.—(Received by telegraph, March 13.)

(No. 98. Ext. 15.)
My Lord, *Constantinople, March* 13, 1889.

WITH reference to your Lordship's despatch No. 61 of the 23rd February, informing me of an interview with Rustem Pasha, in which his Excellency disclaimed ever having referred to arbitration in his proposal to discuss and examine "à l'amiable" the reciprocal claims of the ex-lessees of the Haidar-Pacha Railway and the Sublime Porte, I had the honour to report to your Lordship to-day, by telegraph, that the Grand Vizier, in taking into consideration the desire of Her Majesty's Government for the admission of the principle of arbitration, insists, as his Highness has insisted from the outset, that figures should be inserted by the claimants in the schedule of the different items of their claim.

I am informed upon good authority that the representatives here of the Company object to adopt this course unless the Sublime Porte agrees irrevocably to the admission of arbitration as a mode of settlement.

Such a guarantee I am unable either to obtain or to give, although I will use my best endeavours to attain this result.

There is no doubt that an exaggerated claim as to amount would deter the Sublime Porte from carrying out arbitration, and upon that account should be deprecated.

I should be glad to be informed whether the parties in England who are interested in a solution of this question really countenance this pretension which has been raised by their representatives here.

I have the honour to inclose a copy of a letter I have just received from Mr. Pears, Colonel Alt's legal adviser, which bears out the above-mentioned information.

I have at present returned no reply to this communication.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 97.

Mr. Pears to Sir W. White.

Excellency, 2, *Rue de la Banque, March* 13, 1889.

IN consequence of the interviews which M. Seefelder has had with the Grand Vizier he has gained the conviction, which I regret to say that I entirely share, that his Highness is not at present very favourably disposed towards accepting the principle of arbitration for the settlement of the Haïdar-Pacha questions. His Highness has only one reply to give, "Present your accounts, and we will then see what it suits us to do."

The lessees are ready to present these accounts the instant they receive an assurance that, if a friendly arrangement should not be arrived at upon any of the various questions submitted, the points in difference shall be referred to arbitration.

They fear, however, that, once the accounts are presented, the Government will order them to be referred to a Turkish Commission, as it proposed three months ago,

or that they will be transmitted direct to the Turkish Courts, and that the very presentation of such accounts will thus be used as a weapon to prevent arbitration.

Should your Excellency share this view, the necessity of endeavouring to obtain from the Porte an assurance that the questions will be submitted to arbitration before the presentation of the accounts will become evident, or in case that this cannot be obtained your Excellency will probably agree that definite assurance should be given that if, after the presentation of the accounts, an accord should be found impossible upon all or any of the items, then such questions as remain in dispute shall be referred to arbitration.

I have respectfully to request, on behalf of the lessees, that your Excellency will continue to endeavour to obtain from the Porte the assurance above indicated.

I have, &c.
(Signed) EDWIN PEARS.

No. 98.

The Marquis of Salisbury to Mr. Beauclerk.

(No. 87.)

Sir, *Foreign Office, March* 13, 1889.

I HAVE received your despatch No. 98 of the 9th instant, reporting the substance of the communications which you have had with Colonel Alt upon the subject of his negotiations with the Deutsche Bank.

The language which you held to that gentleman, as reported in your despatch, is approved by Her Majesty's Government.

I am, &c.
(Signed) SALISBURY.

No. 99.

The Marquis of Salisbury to Rustem Pasha.

M. l'Ambassadeur, *Foreign Office, March* 13, 1889.

HER Majesty's Government have given their most careful consideration to the observations and criticisms of the Sublime Porte contained in the Memoranda which your Excellency was good enough to forward to me on the 10th March and 7th July last, relative to the amount of the Cyprus surplus, as calculated by the British Government in 1882, and communicated to the Porte by Her Majesty's Chargé d'Affaires at Constantinople on the 11th November of that year.

I shall be glad if your Excellency will convey to your Government my regret that a reply could not be sent at an earlier date, but in consequence of the very long period which has been allowed to elapse before presenting these criticisms, it was found necessary to seek the assistance of Sir R. Biddulph, the High Commissioner of Cyprus, in the matter, on whose arrival in this country a very thorough examination was made of the calculations on which the English Memorandum of 1882 was founded.

In the course of this inquiry it has also been necessary to refer to the Turkish records preserved in Cyprus, and to the records in Sir R. Biddulph's possession of his negotiations at Constantinople in 1882. The result is embodied in the accompanying Memorandum,* which, in the opinion of Her Majesty's Government, shows that their previous calculations were sound, and that there is nothing in them which Her Majesty's Government could in justice be called upon to modify.

I request that your Excellency will communicate this paper, and the accounts which accompany it, to the Sublime Porte, and will state that Her Majesty's Government consider themselves justified in declining to reopen the discussions with regard to the amount at which the surplus revenue of Cyprus should be estimated, and in considering the conclusion at which they have arrived as final.

I have, &c.
(Signed) SALISBURY.

---

* Inclosure 2 in No. 85.

No. 100.

Colonel Alt to Foreign Office.—(Received March 14.)

Sir, 14, *Queen Victoria Street, London, March* 13, 1889.

I BEG to acknowledge the receipt of your letter of yesterday's date, informing me of the communication received at the Foreign Office from Her Majesty's Ambassador at Constantinople in reference to the programme of arbitration for submission to the Porte, handed to his Excellency by our legal adviser, Mr. Pears, and giving the Ambassador's views upon the subject.

For the information of the Marquis of Salisbury, I beg to inform you that that programme has been submitted to and approved by me and those acting with me, and that Mr. Pears advises me he has communicated our approval to Sir William White.

Mr. Pears, in forwarding me the programme of arbitration, stated that it had been accepted by the Representatives of the three Embassies who had been nominated by their respective Ambassadors to meet Mr. Pears and Mr. Pedrelli, our legal advisers, for the purpose of agreeing upon a form most likely to be favourably received by the Sublime Porte.

With regard to Sir William's fear, that the Grand Vizier would not be prepared to discuss the programme until the maximum amount of claims had been stated, I much fear that this is only put forward by his Highness as an excuse for not doing anything, and that if this point were met by us, others would be raised with the same object of deferring indefinitely the taking of any decision to bring our claims before an unbiassed and equitable Tribunal.

If Sir William White thinks the programme submitted enters too much into detail, we are quite ready to agree to a single article specifying simply that all questions at issue between the Turkish Government and us arising out of our Convention shall be submitted to arbitration.

May I venture to take this opportunity of asking whether the opinion of the Law Officers of the Crown has been received upon the questions submitted to them.

I much fear that no decision in regard to arbitration will be come to before the date, early next month, at which we are cited to appear before the Turkish Tribunals, and we feel that it is of the utmost importance to us that we should have the support of Her Majesty's Government in refusing to appear before any Turkish Court.

I have, &c.
(For the Lessees of the Imperial Haïdar-Pacha to Ismidt Railway),
(Signed) W. J. ALT.

No. 101.

Rustem Pasha to the Marquis of Salisbury.—(Received March 22.)

M. le Marquis, *Londres, le* 21 *Mars*, 1889.

J'AI l'honneur d'accuser réception de la note que votre Seigneurie a bien voulu m'adresser le 13 de ce mois, relativement au calcul de l'excédant des revenus de Chypre, et d'informer en même temps votre Seigneurie que je me suis empressé de communiquer cette note, ainsi que le Mémorandum qui y était joint, à mon Gouvernement, afin qu'il soit en mesure de les étudier.

J'ai, &c.
(Signé) RUSTEM.

No. 102.

Treasury to Foreign Office.—(Received March 22.)

Sir, *Treasury Chambers, March* 21, 1889.

IN reply to Sir Philip Currie's letter of the 13th instant, the Lords Commissioners of Her Majesty's Treasury direct me to acquaint you, for the information of the Marquis of Salisbury, that they fully concur in the terms of his Lordship's letter of

the 13th instant to the Turkish Ambassador, declining to reopen the calculation of the Cyprus tribute arrived at in 1882.

I am, &c.
(Signed) R. E. WELBY.

No. 103.

The Marquis of Salisbury to Sir W. White.

(No. 20.)
(Telegraphic.) *Foreign Office, March 29, 1889.*

HAIDAR-PACHA Railway.

Following are conclusions arrived at in consultation with Law Officers:—

Her Majesty's Government are not justified in taking exception diplomatically to the jurisdiction of the Ottoman Court.

It is doubtful also whether the jurisdiction of the Tribunals can be successfully contested by the lessees. If the Courts, however, decide that the forcible seizure of the line was not justified by the Contract, the Courts would then, in our opinion, have no further jurisdiction.

It is very desirable that, if possible, all the questions should be dealt with by arbitration, and you should continue to use your best efforts for this purpose.

Unless there be substantial ground for supposing that the demand of the Turkish Government for a previous statement of the claims by the lessees is not *bond fide*, it is not in itself unreasonable, and the lessees should be pressed to comply with it.

You may communicate in this sense with Colonel Alt. An official letter will be written to him.

No. 104.

The Marquis of Salisbury to Sir W. White.—(Substance telegraphed.)

(No. 113. Ext. 20.)
Foreign Office, March 29, 1889.

Sir,

WITH reference to the proceedings now pending before the Turkish Courts at the suit of the Sublime Porte against the lessees of the Haïdar-Pacha-Ismidt Railway, I have to state, after consultation with the Law Officers of the Crown, that Her Majesty's Government do not feel justified in taking exception, diplomatically, to the jurisdiction of the Ottoman Courts, upon questions relating to the interpretation or carrying out of the Convention of the 8th April, 1880.

The matter is one of contract between the Ottoman Porte and the lessees, and Her Majesty's Government doubt whether the jurisdiction of the Turkish Courts can be successfully contested under the terms of the Convention, though if those Courts should find that the action of the Turkish Government in taking possession of the line was in no way justified by the Contract, it might then be contended that they had no further jurisdiction.

Her Majesty's Government are still of opinion that it is very desirable that all the matters in dispute should be referred to arbitration, and your Excellency should continue to use your best efforts for this purpose.

The demand of the Grand Vizier that before accepting this mode of settlement, the Turkish Government should be informed by the lessees of the total amount of their claim, does not appear to be in itself unreasonable, and unless there should be some very substantial ground for objecting to it, I think that the lessees should be pressed to comply with it.

I transmit to your Excellency herewith a copy of a letter which I have caused to be addressed to Colonel Alt to the above effect, and you are also authorized to communicate with that gentleman in the same sense.

I am, &c.
(Signed) SALISBURY.

No. 105.

Messrs. Matheson and Co. to Foreign Office.—(Received March 29.)

Sir, 3, *Lombard Street, London, March 28, 1889.*

WITH reference to the statement made by Mr. Magniac to Sir Philip Currie, we now forward to you a Memorandum which fully explains the position of the matter in question, and by which the Turkish Government appears to have arbitrarily cancelled a large number of their bonds.

We hope, if no qualifying circumstances come to light, it may be possible by some friendly representation to obtain a mitigation of the hardship which will otherwise be suffered by those interested.

We have, &c.
(Signed) MATHESON AND Co.

Inclosure in No. 105.

Memorandum.

(See Memorial from Hugh Maclean, of Stranraer, Wigtownshire, to his Excellency the Turkish Minister of Finance, dated July 14, 1888).

THE memorialist in 1875 invested in Imperial Ottoman 9 per Cent. Treasury bonds of 1872 (series A), redeemable 1st (13th) July, 1876, for principal sum of 1,150*l.*; these and the coupons attached thereto, with interest since, he claims to be still due to him.

The coupons due January 1876 not being paid, the bonds were laid aside for future realization.

In April 1888 the Council of Administration of the Ottoman Public Debt, Constantinople, advertised that all bonds not presented for registration or conversion by the 13th May, 1888, would be forfeited.

Prior to the 9th June, 1888, no official notice of any kind was made known to or seen by memorialist, who has since been endeavouring to put himself in Court through—

1. The London Manager Imperial Ottoman Bank, the substance of whose reply was:—

"No power whatever in the matter. Understands that between 800,000*l.* to 900,000*l.* worth of bonds not yet presented. Best chance to apply to the Council of Administration of the Ottoman Public Debt, Constantinople."

2. Mr. de Vere, the Eastern Telegraph Company's agent at Pera, who wrote to Sir John Pender, dated Pera, the 3rd February, 1889:—

"I spoke about Maclean's bonds immediately after you left to Mr. Caillard, the President or the Council, and he promised to look into the matter and let me know if anything could be done. Unfortunately, he was suddenly called away to England, and absent until about a month ago. He has now looked into the matter, and tells me that the reply given by the Ottoman Bank is the only one possible, and that the bonds are forfeited, and that this course has been pursued with a large number of bonds which were not exchanged for the new issue in the prescribed time."

Advertisement published by the Council of Administration of the Ottoman Public Debt.

By decision of the Imperial Ottoman Government in agreement with the Council of Administration of the Ottoman Public Debt, holders of bonds of this Debt, included in the Imperial Decree of the 20th December, 1881, with exception of the bonds of the Turkish Railway Lottery Loan (Lots Turcs), are informed that all bonds which shall not have been presented either for registration or conversion by the 13th May, 1888, will be forfeited.

Ramazan certificates which became forfeited on the 20th December, 1887, conformably to Article 5 of the Imperial Decree, are, in consequence of the preceding propositions, included in the period allowed to the bonds above mentioned.

Registration and conversion of bonds take place now in Constantinople only, and holders in Turkey and elsewhere are informed that the forfeiture will take effect on all

the above-mentioned bonds which shall not have been presented at the Imperial Ottoman Bank, Stamboul, Constantinople, by the 13th May, 1888.

Constantinople, April 10, 1888.

No. 106.

Foreign Office to Colonel Alt.

Foreign Office, March 29, 1889.

Sir,

WITH reference to your letters of the 26th ultimo and 13th instant, and to Sir Julian Pauncefote's letters to you of the 1st and 12th instant, relative to the citations which have been served on the lessees of the Haïdar-Pacha Railway to appear before the Turkish Courts at the suit of the Porte, and to the progress of the negotiations for the reference of all the matters in dispute to arbitration, I am directed by the Marquis of Salisbury to state that after consultation with the Law Officers of the Crown, he is of opinion that Her Majesty's Government could not be justified in taking exception, diplomatically, to the jurisdiction of the Turkish Court in the case.

Lord Salisbury doubts whether the jurisdiction of the Ottoman Courts can be successfully contested under the terms of the Contract, though if the Courts should find that the action of the Turkish Government in taking possession of the line was in no way justified by that Contract, it might then be contended that they had no further jurisdiction.

Lord Salisbury is still of opinion that it is very desirable that all the matters in dispute should be referred to arbitration, and Her Majesty's Ambassador at Constantinople will continue to use his best efforts for this purpose.

The demand of the Grand Vizier that before accepting this mode of settlement the Turkish Government should be informed by the lessees of the total amount of their claim, does not appear to Lord Salisbury to be in itself unreasonable, and unless there should be some very substantial ground for objecting to it, his Lordship considers that the lessees would do well to comply with it.

A telegram to the above effect has been sent to Her Majesty's Ambassador at Constantinople.

I am, &c.

(Signed) P. CURRIE.

No. 107.

The Marquis of Salisbury to Sir W. White.

(No. 114.)

Foreign Office, April 1, 1889.

Sir,

I TRANSMIT to your Excellency herewith, for such representations as you may be able to make in the matter, a copy of a letter from Messrs. Matheson and Co.,* calling attention to the cancelling of a large number of bonds of the Ottoman Public Debt under circumstances which have entailed much hardship, and inclosing a Memorial from Mr. Hugh Maclean, who has been one of the sufferers by this measure.

The notice given of the obligation to present the bonds for registration or conversion by the 13th May of last year does not appear to have been published, even at Constantinople, before the 10th April, and the memorialist states that he had no knowledge of it until after the term fixed had expired.

I am, &c.

(Signed) SALISBURY.

No. 108.

Mr. Wilkin to Foreign Office.—(Received April 17.)

14, *Queen Victoria Street, London, April* 15, 1889.

Sir;

IN the absence of Colonel Alt, I have the honour to acknowledge the receipt of your letter of the 29th ultimo, stating, in connection with the Haïdar-Pacha Railway, that the Marquis of Salisbury, after consultation with the Law Officers of the Crown,

* No. 105.

is of opinion that Her Majesty's Government would not be justified in taking exception diplomatically to the jurisdiction of the Turkish Court in the case; and, further, that Lord Salisbury is still of opinion that it is very desirable that all matters in dispute should be referred to arbitration, and that Her Majesty's Ambassador at Constantinople will continue to use his best efforts for this purpose; moreover, that the demand of the Grand Vizier, that before accepting this mode of settlement the Turkish Government should be informed by the lessees of the total amount of their claim, does not appear to Lord Salisbury to be in itself unreasonable, and that unless there should be some very substantial ground for objecting to it, his Lordship considers that the lessees would do well to comply with it.

I have sent a copy of your communication to Colonel Alt at Constantinople, and I have the honour to inform you that, acting upon the advice of Lord Salisbury, he was occupied in making out the total amount of the claim with the view of submitting it to the Turkish Government as it has been suggested.

I deferred replying to your letter in the expectation that Colonel Alt would have returned in time to do so himself; but I thought I could not allow any further delay to occur without acknowledging it and thanking you for it.

I have, &c.

(Signed) MARMADUKE WILKIN.

No. 109.

Sir W. White to the Marquis of Salisbury.—(Received April 18.)

(No. 133.)

Constantinople, April 5, 1889.

My Lord,

AS your Lordship is aware, by Article V of the Definitive Treaty of Peace between Russia and the Porte signed at Constantinople on the 8th February, 1879, the Ottoman Government bound itself to pay to that of Russia an indemnity for the injuries suffered by Russian subjects during the war.

This indemnity was, I understand, subsequently fixed at a sum of £ T. 250,000, of which £ T. 50,000 had been paid, and £ T. 200,000 were still due at the date of M. de Nélidoff's departure for St. Petersburgh.

Agop Pasha, the Minister of Finance, has since paid £ T. 50,000, in accordance with the promise made to his Excellency the Ambassador on his departure.

This would leave a debt of £ T. 150,000 still due for private claims stipulated by a solemn Treaty almost ten years ago.

I have, &c.

(Signed) W. A. WHITE.

No. 110.

Sir W. White to the Marquis of Salisbury.—(Received April 18.)

(No. 138.)

Constantinople, April 8, 1889.

My Lord,

WITH reference to the Russian war indemnity which was the subject of the final arrangement between Russia and the Sublime Porte of the 14th May, 1882, Turkey was obliged to pay annually £ T. 350,000.

Shortly afterwards a discussion arose between the two Governments as to the manner in which the year was to be counted for these annual payments, Russia maintaining that it was the Julian year, ending the 31st December (12th January), whilst the Porte wanted it to be counted according to the Turkish financial year, which begins on the 1st (13th) March of our era.

In Lord Dufferin's despatches marked No. 91, Confidential, of the 18th March, 1884, and No. 25 of the 17th January, 1885, to Earl Granville, you will find copies of Memorandums stating this controversy at full length. This discussion is revived on every occasion when accounts have to be settled, but I am assured that no definite solution has been yet arrived at.

The account for the annuities stood lately as follows between the two Governments for the war indemnity:—

From 1883 to 1888, inclusive, the arrears amounted to £ T. 854,166·73.

To settle this the Porte has paid from the Hirsch payment £ T. 243,902·43; from the revenues assigned to Russia, £ T. 173,059·07; total, £ T. 416,961·50.

According to the last arrangement this deficit is to be paid off by adding £ T. 100,000 a-year until it is extinguished; so that, until this is effected, the annuity paid to Russia is to amount to £ T. 450,000 instead of £ T. 350,000; but in this way the existing arrears are extinguished, and for the next couple of years Turkey will thus be free of this horrid incubus and from its threatening consequences.

I have, &c.
(Signed) W. A. WHITE.

No. 111.

Sir W. White to the Marquis of Salisbury.—(Received April 18.)

(No. 141.) *Constantinople, April 13, 1889.*

My Lord,

I HAVE just seen Colonel Alt, who tells me he returns to London to-morrow, as the accounts which he and M. Seefelder intend presenting to the Sublime Porte with a view to arbitration are not yet ready.

I expressed some astonishment and regret that, considering the length of time that this question has been pending, these accounts have not been put together in proper form long ago, and I explained to Colonel Alt that as they could not be presented to the Grand Vizier on Colonel Alt's arrival here on the 21st ultimo, I was afraid it will be impossible to take any further steps in the matter until after the Ramazan Fast and the Baïram Feast, as it is well known that during that season it is almost impossible to get anything done in Ottoman public offices.

Colonel Alt was kind enough to admit that Her Majesty's Embassy is by no means to blame for the delay which has thus supervened.

I have, &c.
(Signed) W. A. WHITE.

No. 112.

Sir W. White to the Marquis of Salisbury.—(Received May 2.)

(No. 159.) *Constantinople, April 26, 1889.*

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's despatch No. 114 of the 1st instant, inclosing a letter from Messrs. Matheson and Co., complaining of the way in which Ottoman bonds have been cancelled, and of the hardships thus imposed on their original owners. I have been for some time under the impression that, sooner or later, this grievance would be brought to the notice of Her Majesty's Government.

I have received on several occasions applications from parties complaining on this subject, the last of which came from a Warsaw banker, M. Epstein, with whom I happen to be personally acquainted, but I felt unable to give any assistance to these parties. A copy of his application to me is inclosed.

In 1875 the Ottoman Government ceased suddenly to pay full interest on its External Debt, and on the 9th July, 1876, it relinquished all payments. Since September 1882 interest has been paid at the rate of 1 per cent., and a compulsory conversion was effected.

It would appear, however, that, owing to inadequate notice having been given, a sum of from 800,000 fr. to 900,000 fr. of original debentures have not been converted, and are considered by the Ottoman Government as not concerning them, and by the Committee of Bondholders as cancelled and of no value.

That this constitutes a hardship there can be no doubt.

The question arises, however, with whom rests the responsibility for not having made proper provision for these original Turkish bondholders?

For my part, I do not consider that I have competent legal and financial knowledge to pronounce an opinion upon it. But perhaps your Lordship will consider it advisable to obtain some such opinion in a proper quarter.

Were I to approach the Ottoman Government, they would simply refer me to the arrangement concluded by them with the bondholders in December 1881, by which they contemplated discharging to the full extent all their outstanding liabilities on reduced terms.

Mr. Vincent Caillard has, on behalf of the bondholders, maintained that these original bonds, not having been exchanged at the proper time, are now "forfeited."

There is a good deal of probability that the persons who are thus aggrieved are original creditors of the Turkish Government, whilst a portion of those who received the interest on converted bonds are purchasers in the market.

The revenues assigned by the Ottoman Government were meant for the whole of the creditors; and the profits from the share which would have come to the holders of these securities, who are now excluded from the benefits of the arrangement concluded, go not to the Turkish Government, but to the holders of the Turkish new stock.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 112.

M. Epstein to Sir W. White.

Varsovie, le 19 Mars, 1889.

M. l'Ambassadeur,

JE prends la liberté de m'adresser à votre Excellence pour solliciter sa bienveillante intervention dans l'affaire suivante.

Un sujet Anglais m'a remis, pour les vendre, deux titres portant le No. 1,056,647 et le No. 1,056,648, chacun de 2,500 fr.—total, 5,000 fr. de capital—ou bien 250 fr. de Rente Turque 5 pour Cent ancienne joussance Janvier 1876. En ce moment je viens de recevoir de Paris, où j'avais envoyé ces titres pour en opérer la conversion, une lettre dans laquelle on me dit que les titres en question auraient dû être enregistrés en temps opportun au Comité des porteurs, et que cette formalité n'ayant pas été remplie les titres ne pouvaient plus être convertis et se trouvent être sans aucune valeur si le Gouvernement Turc ne prenait pas en considération qu'il est tenu à remplir ses engagements.

Ne plairait-il pas à votre Excellence de voir s'il n'y aurait pas moyen que le dit sujet Anglais, qui n'est pas riche, puisse rentrer dans ses droits malgré l'oubli de se faire enregistrer en temps.

En espérant de recevoir bientôt un mot de réponse, je vous prie d'agréer, &c.
(Signé) M. EPSTEIN.

No. 113.

Foreign Office to Treasury.

Foreign Office, May 9, 1889.

Sir,

I AM directed by the Marquis of Salisbury to transmit herewith, to be laid before the Lords Commissioners of Her Majesty's Treasury, a correspondence, as marked in the margin,* respecting complaints which have been received of the cancelling of a large number of bonds of the original Turkish Debt, on the ground that they were not presented in proper time for conversion.

It is contended on behalf of certain holders of these bonds that the notice given of the intended conversion was inadequate.

I am to request that you will move their Lordships to take these papers into their consideration, and favour Lord Salisbury with their opinion as to whether the notice given of the intended conversion was or was not sufficient to justify the Turkish Government in treating bonds not presented within the time specified as forfeited.

The arrangement of 1881 between the Ottoman Government and the delegates of the foreign bondholders, to which Sir W. White alludes in his despatch No. 152, will be found at p. 73 of the accompanying Parliamentary Papers, "Turkey No. 2 (1882)"; but I am to observe that Her Majesty's Government were no parties to this arrangement.

I am, &c.
(Signed) P. CURRIE.

---

* Nos. 105, 107, and 112; and Parliamentary Paper "Turkey No. 2 (1882)."

No. 114.

Mr. Caillard to Foreign Office.—(Received May 30.)

10, *Connaught Street, Hyde Park, May 29, 1889.*

Sir,

I UNDERSTAND that there is, or has been, under the consideration of Her Majesty's Government, a scheme for the capitalization of the surplus revenues of Cyprus, which are paid to the Turkish Government. As these revenues are hypothecated to the creditors of Turkey under the Arrangement of the 20th December, 1881, I should be greatly obliged if I might be allowed to have a copy of the said scheme, in order that I may examine it. Further, I should be very much obliged if I might be informed what stage the negotiations between Her Majesty's Government and the Porte have reached in regard to the fixation of the exact annual sum representing the above surplus revenues; whether any proposals are being discussed to the effect that these revenues should be paid direct to the Turkish Government, which would affect other revenues in lieu to meet the amounts necessary for the payment of interest on the Guaranteed Loan of 1855; and whether I am right in assuming that Her Majesty's Government would not effect such direct payment until they hold a satisfactory guarantee from the Porte for the payment of other revenues to take the place of the Cyprus revenues in provision for the service of the said Guaranteed Loan.

Might I also be informed what is the position of Her Majesty's Government in regard to the suspension of the sinking fund of the latter loan?

I have, &c.

(Signed) VINCENT CAILLARD.

No. 115.

Treasury to Foreign Office.—(Received May 31.)

Treasury Chambers, May 30, 1889.

Sir,

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 9th instant respecting the cancellation of a number of bonds of the original Turkish debt, on the grounds that they were not presented in proper time for registration.

The Marquis of Salisbury inquires whether, in the opinion of this Board, the notice given on the 10th April, 1888, was sufficient to justify the Turkish Government in treating bonds not presented within the specified time as forfeited.

I am to request you to inform his Lordship, in reply, that, even assuming the sufficiency of the notice, my Lords do not consider that the circumstances of the case justify the attachment of so severe a penalty as the forfeiture of the bonds.

The Decree of December 1881, to which the Delegates of the Foreign Bondholders consented, required, no doubt, that the bonds should be registered. But the Decree did not provide that failure to register would entail forfeiture, and although there has evidently been considerable carelessness on the part of the bondholders, it is, in the judgment of this Board, a strong course to inflict upon them the loss of their property as a penalty for non-compliance with the subsequent Decree of the 10th April, 1888, a Decree to which, apparently, no assent on the part of the bondholders was signified, and which, therefore, can hardly be considered as part of the Contract between the Turkish Government and their creditors.

I am, &c.

(Signed) R. E. WELBY.

No. 116.

Sir W. White to the Marquis of Salisbury.—(Received June 2, 6·50 P.M.)

(No. 27. Secret.)
(Telegraphic.)

Constantinople, June 2, 1889, 4·10 P.M.

I HEAR, on fairly good authority, that Porte will make a demand for privileged position being granted by the Powers to the tribute it receives from Egypt, with a view to conversion of its loan guaranteed by that tribute, by which it would, of course, expect to realize some money.

This demand to be made, it is alleged, on the receipt of the application which the Ottoman Government expects with regard to the conversion of the Egyptian Privileged Debt, which is now supposed to be in progress.

Your Lordship will, I dare say, remember that some such plan with regard to the tribute was in contemplation during the negotiation of Sir H. Wolff's Convention.

I further hear that the French Government is prepared to give its support to such a scheme, and to obtain that of Russia, provided the Porte gives it satisfaction on the subject of the long-pending question as regards the status of Algerians and Tunisians in the Ottoman Empire, a question which has caused, it is believed, some irritation lately.

No. 117.

Sir W. White to the Marquis of Salisbury.—(Received June 14.)

(No. 209.)

Constantinople, June 6, 1889.

My Lord,

WITH reference to my despatch No. 141 of the 13th April, I have the honour to transmit herewith a copy of a letter I have received from Mr. Pears, the legal adviser of Mr. Alt, inclosing a copy of the letter which he proposed to present to the Grand Vizier, accompanied by the accounts, in reference to the claims of the Haïdar-Pacha Railway Company.

This letter has since been presented to the Grand Vizier, and I instructed Mr. Block to see his Highness on the subject.

His Highness stated that these accounts were of a very voluminous nature, and that, before examining them, they must be translated into Turkish.

Some delay will consequently take place before any answer can be received from his Highness, but in the meantime I will continue to press for a reply.

I have, &c.

(Signed) W. A. WHITE.

Inclosure 1 in No. 117.

Mr. Pears to Sir W. White.

2, Rue de la Banque, Galata, June 1, 1889.

Excellency,

I HAVE the honour to transmit herewith a copy of the letter dated the 31st May, but which will be handed to his Highness the Grand Vizier on Monday, in reference to the claims of Colonel Alt arising out of the Haïdar-Pacha Railway.

As your Excellency will see from the first paragraph, the Grand Vizier had expressed the desire of having the details of these claims presented to him.

The body of the letter alludes to a mass of other documents, which will likewise be sent to the Grand Vizier on Monday, and as to which I shall be glad at any time to give your Excellency full particulars, or, if your Excellency desires, copies.

In conclusion, I would call the attention of your Excellency to the last paragraph, and beg to request, on behalf of my client, that your Excellency will continue to use your best exertions in order to bring the differences betwen them and the Ottoman Government to a settlement by arbitration, as being the sole means of obtaining an equitable decision in a matter between a private individual and the Ottoman Government.

I have, &c.

(Signed) EDWIN PEARS.

Inclosure 2 in No. 117.

Mr. Pears to the Grand Vizier.

Constantinople, le Mai, 1889.

Altesse,

A L'OCCASION de la demande qui a été faite d'instituer un arbitrage pour trancher les difficultés existantes entre le Gouvernement Impérial et les locataires de Haïdar-Pacha, votre Altesse a exprimé le désir d'avoir au préalable la liste et les chiffres des réclamations de ces derniers.

Déférant à ce désir, j'ai l'honneur de remettre ci-joint à votre Altesse l'état-général des réclamations des locataires (marqué "A") avec des annexes explicatives à l'appui.

Cet état est divisé en trois parties :—

La première partie est un décompte, réunissant les soldes qui étaient dûs par le Gouvernement Impérial, à la fin de chaque exercice annuel d'exploitation, et chiffré ensemble par £ T. 123,349, intérêts simple compris.

La deuxième partie énumère les demandes d'indemnités spéciales pour divers chefs distincts clairement désignés et chiffré ensemble par £ T. 91,020·69.

La troisième partie comprend les réclamations d'indemnités à évaluer pour les recettes qui n'ont pas pu être réalisées par la faute du Gouvernement pendant l'exploitation, pour le droit de préférence au prolongement de la ligne qui a été enlevé aux locataires, et pour les approvisionnements et matériel existants au moment de la reprise de la ligne, trois chefs d'indemnités dont les chiffres devront être établis par experts aussitôt que ces réclamations seront reconnues fondées.

Pour l'intelligence des réclamations de la première partie et les annexes y relatives, je dois fournir à votre Altesse l'explication suivante :—

Par suite de l'inexécution de la part du Gouvernement Impérial des différentes clauses de la Convention du Bail et de son Cahier des Charges, ainsi que d'actes contraires aux stipulations contenues dans ces documents, les locataires ont été mis, par la faute de l'État, dans l'impossibilité d'exploiter la ligne au 60 pour cent de sa recette brute, par la double raison que les faits énoncés ont déterminé un surcroit de frais d'exploitation qui doivent rester à la charge de l'État, et une diminution de recettes pour laquelle une indemnité leur est due.

Les locataires ont dès lors établi leurs comptes annuels en procédant de la manière suivante :—

Ils ont défalqué de la recette brute les frais réels d'exploitation qu'ils ont eu à supporter ; ils ont partagé la recette nette entre le Gouvernement et eux dans la proportion conventionnelle de 80 pour cent et 20 pour cent ; ils ont porté dans le même compte annuel au débit du Gouvernement le coût des travaux progressivement exécutés par eux, ainsi que leurs versements en effectif ; et à la fin du décompte, réunissant les soldes, ils ont ajouté à leur crédit la différence qui aurait résulté en leur faveur pendant les neuf exercices, s'ils avaient été mis à même d'exploiter la ligne au 60 pour cent de la recette brute.

Ce décompte de la première partie des réclamations fait le objet de :—

Neuf bilans, afférents aux neuf années d'exercice du bail (marqués "B").

Une situation générale des travaux résumant toutes les situations qui ont été successivement soumises à la vérification du Gouvernement Impérial (marquée "C").

Une situation, No. 15, des travaux exécutés en dernier lieu (marquée "D").

Huit Tableaux, indiquant le mouvement de caisse de chaque année (marqués "E"); et

Trois Tableaux à l'appui des calculs de l'amortissement et des intérêts (marqués "F").

Les réclamations de la deuxième et troisième partie sont suffisamment définies par leur rubrique.

Toutes les réclamations qui précèdent sont formulées, sans préjudice pour les locataires de leur droit de poursuivre séparément la restitution immédiate de leur cautionnement, et le recouvrement d'un solde de £ T. 45,186 qui leur et dû par le Ministère de la Guerre pour transports militaires, solde qu'ils ont fait figurer dans les comptes comme recette réalisée.

Toutes les réclamations qui font l'objet de la présente sont en outre formulées sous réserve expresse de tous compléments et modifications, ainsi que sous réserve expresse de toutes demandes et conclusions subsidiaires.

En présentant à votre Altesse cet exposé sommaire, j'ai confiance qu'elle voudra bien le prendre en bonne considération, et que, si un arrangement à l'amiable ne paraîtra pas possible, votre Altesse voudra bien donner suite à la proposition d'arbitrage, qui est la seule voie par laquelle on puisse régler promptement et équitablement les grands intérêts qui sont en discussion.

J'ai, &c.
Le fondé de pouvoirs constitué des locataires,

No. 118.

Messrs. Matheson and Co. to Foreign Office.—(*Received June 22.*)

3, *Lombard Street, June 20, 1889.*

Sir,

IN reply to your kind communication of the 8th instant, we beg to say that the Ottoman Bank repeats the statement that "the amount of unconverted Turkish stock is a little under 900,000*l*."

We have, &c.
(Signed) MATHESON AND Co.

No. 119.

Sir W. White to the Marquis of Salisbury.—(*Received July 3.*)

(No. 234.)

Therapia, June 28, 1889.

My Lord,

I HAVE the honour to transmit herewith, with reference to previous correspondence on the subject, the published text of the Imperial Firman of Concession for, and Statutes of, the proposed Anatolian Railway.

I have, &c.
(Signed) W. A. WHITE.

Inclosure in No. 119.

Extract from the "Eastern Express" of June 26, 1889.

SOCIÉTÉ DU CHEMIN DE FER OTTOMAN D'ANATOLIE.

Firman Impérial de Concession.

A LA suite de la demande adressée par M. Alfred Kaulla, Directeur de la Württembergische Vereins Bank de Stuttgart, agissant au nom et pour compte de la Deutsche Bank de Berlin et de son groupe, en vue d'obtenir la Concession du prolongement de la ligne d'Ismidt jusqu'à Angora, une Convention et un Cahier des Charges contenant les conditions arrêtées avaient été préparées par notre Ministère du Commerce et des Travaux Publics et envoyés à notre Sublime Porte. Mon Conseil des Ministres ayant pris connaissance des dits actes, ainsi que du Rapport dressé à cet égard par la Commission formée *ad hoc*, il résulte des conditions principales de cette Convention que :

La ligne d'Ismidt sera, dans un délai déterminé, prolongée jusqu'à Angora ; que les recettes brutes kilométriques de cette ligne seront assurées jusqu'à concurrence de 15,000 fr. par an, par le produit des dimes des sandjaks traversés par la ligne ; que les 25 pour cent de tout excédent au delà de 15,000 fr. reviendront à mon Trésor Impérial ; que contre la remise de la ligne existante de Haïdar-Pacha à Ismidt, avec son matériel fixe et roulant, ses installations, dépendances et accessoires, ainsi que des travaux existant au delà d'Ismidt, avec les terrains sur lesquels ils sont situés, il sera versé 6,000,000 fr. à mon Gouvernement Impérial ; que pour la ligne de Haïdar-Pacha à Ismidt les recettes brutes kilométriques annuelles seront parfaites jusqu'à concurrence de 10,300 fr. ; que dans le cas où les concessionnaires reconnaîtraient la nécessité de prolonger la ligne de Haïdar-Pacha jusqu'à Scutari, et d'y établir la tête de la ligne, ils auront la faculté de prolonger la dite ligne jusqu'à Scutari, après entente avec mon Gouvernement Impérial ; ils auront également la faculté de construire deux embranchements se détachant de la ligne principale pour aboutir l'un à Kutahia et l'autre à Brousse, sans que mon Gouvernement Impérial assume aucune garantie pour ces deux embranchements, et à la condition pour eux d'en présenter, avant de procéder à la construction, les plans et projets à mon Gouvernement Impérial, qui les approuvera tels quels ou après les avoir modifiés ; les concessionnaires auront un droit de préférence à conditions égales pour la construction et l'exploitation des lignes de prolongement au delà d'Angora ; la Convention contient encore d'autres conditions secondaires, et la durée de la Concession y est fixée à quatre-vingt-dix-neuf années. Comme ces conditions sont modérées, et que les autres conditions techniques et autres sont conformes au modèle et paraissent être en harmonie avec les exigences de la situation, mon Conseil des Ministres, après avoir

délibéré, a jugé opportun que la Concession fût accordée en conséquence à M. Kaulla et l'affaire ayant été soumise à ma haute sanction Impériale.

Considérant que, en raison des services que rendent les chemins de fer au point de vue de la prospérité et de la richesse du pays, la nécessité et l'importance de construire, à bref délai, les chemins de fer d'Anatolie, sont évidents, mon Iradé Impérial a été promulgué pour que la Concession soit accordée à M. Kaulla, en conformité de la décision et de la demande de mon Conseil des Ministres et les dits Convention et Cahier des Charges ayant été enregistrés textuellement à la Chancellerie de mon Divan Impérial accordant à M. Alfred Kaulla la Concession pour la construction du chemin de fer d'Ismidt jusqu'à Angora, ordre qui n'aura d'effet qu'autant que seront intégralement exécutées les stipulations de la Convention et du Cahier des Charges, dont copies authentiques et scellées ont été délivrées en même temps que mon Ordre Impérial par la dite Chancellerie.

23 *Mouharrem*, 1306.

Pour traduction conforme à l'original :
(Signé) KÉVORK.
Constantinople, le 24 *Septembre* (6 *Octobre*), 1888.

Sceau du Bureau de Traduction du Ministère du Commerce et des Travaux Publics.

Statuts.

La soussignée Deutsche Bank à Berlin ;

En vue de réaliser la Concession accordée à M. Alfred Kaulla, agissant pour la Deutsche Bank à Berlin susnommée, par Firman en date du 23 Mouharrem, 1306, pour la construction, l'administration, et l'exploitation d'un chemin de fer qui s'étendra d'Ismidt jusqu'à la ville d'Angora en passant par ou près la ville d'Eski-Chéhir et en suivant un tracé qui sera approuvé par le Gouvernement Impérial, ainsi que toutes les dépendances du dit chemin de fer, accordée par le Gouvernement Impérial et des engagements qu'elle comporte, forme une Société Anonyme qui sera soumise aux clauses et conditions suivantes :—

Titre I.—*Formation et objet de la Société, Dénomination, Siège.*

Article 1er. Il est formé entre la soussignée et tous les propriétaires des actions ci-après créées une Société Anonyme Ottomane ayant pour objet de construire, administrer, et exploiter les lignes du chemin de fer indiquées à la Convention échangée conformément aux stipulations de la dite Convention et du Cahier des Charges.

Art. 2. La Société prend la dénomination de Société du Chemin de Fer Ottoman d'Anatolie et sera soumise aux Lois et Règlements de l'Empire en qualité de Société Ottomane.

Art. 3. La Société a son siège à Constantinople, et pourra établir des succursales dans toute autre ville de l'Empire Ottoman ou à l'étranger.

Art. 4. La durée de la Société est fixée à quatre-vingt-dix-neuf années, terme de la Concession, sauf le cas de dissolution anticipée ou de prorogation.

Titre II.—*Apport et Transfert de la Concession à la Société.*

Art. 5. La Deutsche Bank à Berlin apporte à la Société la Concession qui lui a été octroyée par le Gouvernement Impérial Ottoman avec tous les droits, privilèges, et avantages y attachés ou en dérivant, et la Société devient titulaire et propriétaire de la dite Concession, et se trouve substituée à tous les droits et obligations du concessionnaire. Remise sera par elle faite à la Société de tous les Firmans, Conventions, Actes et documents quelconques concernant la Concession.

Art. 6. Le fonds social est composé du capital à actions ci-après déterminé, et des obligations à émettre selon le coût des travaux des lignes. Le capital à actions est fixé à 1,800,000*l.*, ou 36,720,000 marks, ou 45,000,000 fr., divisé en 90,000 actions de 20*l.*, ou 408 marks, ou 500 fr. chaque.

Il pourra être augmenté de moitié par l'Assemblée Générale.

Art. 7. La Société ne sera définitivement constituée qu'après la souscription de la totalité du capital et le versement du premier dixième de ce capital.

Des certificats provisoires constatant les versements seront remis aux souscripteurs pour être échangés contre des titres définitifs après le versement de la moitié du capital.

Les actions seront libellées d'une part en Turc et de l'autre en Français, ou en toute autre langue.

Les 50 pour cent restants seront appelés au fur et à mesure des besoins de la Société, conformément aux décisions du Conseil d'Administration et après Avis inséré, trente jours d'avance au moins, dans plusieurs journaux officiels ou non, se publiant à Constantinople ou dans d'autres pays.

Art. 8. Les titres sont nominatifs jusqu'au paiement de la moitié du montant des actions ; leur négociation ne peut avoir lieu avant le versement du premier dixième. La négociation s'opère par un transfert sur les registres de la Société, signé par le cessionnaire et le cédant et l'un des Administrateurs ; mention de ce transfert est faite sur le titre.

Après leur libération de moitié les actions seront au porteur.

Art. 9. Toute action est indivisible à l'égard de la Société qui n'en reconnaît aucun fractionnement.

Les héritiers ou ayants cause d'un actionnaire ne peuvent, pour quelque motif que ce soit, provoquer l'apposition des scellés sur les biens et valeurs de la Société, ni s'immiscer en aucune manière dans son administration ; ils doivent, pour l'exercice de leurs droits, s'en rapporter aux inventaires sociaux et aux délibérations de l'assemblée générale.

Art. 10. Tout versement en retard porte intérêt de plein droit en faveur de la Société à raison de 6 pour cent par an, à compter de jour d'exigibilité et sans aucune mise en demeure.

Art. 11. A défaut de payement des versements à leurs échéances, la Société poursuit les débiteurs et peut faire vendre les actions en retard.

A cet effet, les numéros de ces actions sont publiés comme défaillants par la voie des journaux, et quinze jours après cette publication, il est procédé à la vente des actions pour le compte et aux risques et périls du retardataire, sans aucune mise en demeure ni formalité judiciaire ; cette vente a lieu dans les bourses de Constantinople et de Berlin, si les actions sont cotées, et dans le cas contraire aux enchères publiques.

Les titres ainsi vendus deviennent nuls de plein droit ; il en est délivré aux acquéreurs de nouveaux sous les mêmes numéros.

Le prix de la vente s'impute dans les termes de droit sur ce qui est dû à la Société par l'actionnaire exproprié, qui reste passible de la différence en profite de l'excédent.

Titre III.—*Administration de la Société.*

Art. 12. La Société est administrée par un Conseil d'Administration composée de cinq à quinze membres nommés par l'assemblée générale. Le Conseil d'Administration se réunit à Constantinople.

Toutefois, les premiers Administrateurs seront les personnes ci-après désignées dont la nomination ne sera pas soumise à l'approbation de l'assemblée générale, et dont les fonctions ne dureront que trois ans.

1. M. le Dr. G. Siemens, à Berlin, Directeur de la Deutsche Bank, et Membre du Reichstag Allemand.
2. Son Excellence Alfred Gescher Effendi, à Constantinople, Membre du Conseil d'Administration de la Dette Publique Ottomane.
3. Son Excellence Bertram Effendi, à Constantinople, Sous-Secrétaire d'État des Contributions Indirectes.
4. M. K. Schrader, à Berlin, Membre du Reichstag Allemand.
5. M. Alfred Kaulla, à Stuttgart, Directeur de la Würtembergische Vereins Bank.
6. M. Otto Kühlmann, à Constantinople, Directeur-Général.

Art. 13. A l'expiration du mandat du Conseil statutaire, le renouvellement par un ou deux des membres du Conseil d'Administration se fera pour la première fois par voie de tirage au sort, et ensuite par voie d'ancienneté

Les membres sortants peuvent toujours être réélus.

Art. 14. Le Conseil d'Administration se réunit aussi souvent que l'intérêt de la Société l'exige et au moins une fois par mois. La présence de plus de la moitié des membres au moins est nécessaire pour la validité des délibérations.

Les délibérations sont prises à la majorité des voix des membres présents. En cas de partage la proposition est renvoyée au Conseil suivant et alors, en cas de nouveau partage, elle est rejetée.

Art. 15. Les délibérations sont constatées par des procès-verbaux transcrits sur un registre spécial, et signé par les Administrateurs qui y ont pris part.

Les copies ou extraits de ces délibérations pour faire foi, doivent être signés par le Président du Conseil ou celui qui le remplace.

Art. 16. Chaque Administrateur doit être propriétaire de dix actions inaliénables

pendant la durée de ses fonctions; elles seront frappées d'un timbre indiquant l'inaliénabilité et déposées dans la Caisse Sociale.

Art. 17. En cas de vacance par décès, démission, ou autre cause, le Conseil pourvoit provisoirement au remplacement jusqu'à la prochaine assemblée générale qui procède à l'élection définitive.

Art. 18. Chaque année le Conseil nomme parmi ses membres un Président et un Vice-Président.

En cas d'absence du Président et du Vice-Président, il désigne celui de ses membres qui doit remplir les fonctions de Président.

Art. 19. Les Administrateurs qui résident à l'étranger et ceux qui seront accidentellement absents, peuvent se faire représenter dans les délibérations par un de leurs collègues sans que celui-ci puisse réunir plus de deux votes y compris le sien.

Art. 20. Le Conseil a les pouvoirs les plus étendus pour l'administration des biens et affaires de la Société; il peut même transiger et compromettre, il arrête les comptes qui doivent être soumis à l'assemblée générale, et propose les répartitions de dividendes.

Le Président du Conseil d'Administration représente, soit personnellement, soit par un mandataire, la Société en justice tant en demandant qu'en défendant.

Art. 21. Le Conseil peut déléguer tout ou partie de ses pouvoirs à un ou plusieurs de ses membres, par un mandat spécial, pour des objets déterminés ou pour un temps déterminé.

Il peut aussi les déléguer, pour l'expédition des affaires courantes, à une ou plusieurs personnes prises en dehors de son sein.

Art. 22. Les Administrateurs reçoivent des jetons de présence dont la valeur est fixée par l'assemblée générale, indépendamment de la quote-part qui leur est allouée dans les bénéfices nets.

Titre IV.—*Assemblée Générale.*

Art. 23. L'assemblée générale régulièrement constituée représente l'universalité des actionnaires.

Art. 24. Il est tenu une assemblée générale ordinaire chaque année dans le courant des six premiers mois. Le lieu de la réunion est fixé par le Conseil d'Administration.

En outre l'assemblée peut être convoquée extraordinairement en cas de besoin par le Conseil d'Administration.

Art. 25. L'assemblée générale se compose des actionnaires qui possèdent, soit à titre de propriétaire, soit à titre de mandataire, trente actions au moins.

Tout membre de l'assemblée générale a droit à autant de votes qu'il possède, comme propriétaire ou mandataire, de fois trente actions, mais sans qu'il puisse jamais réunir plus de 100 voix.

Art. 26. Les convocations doivent être faites par un Avis annoncé par la voie de la presse, un mois au moins avant l'époque de la réunion, ainsi qu'il est indiqué à l'Article 7.

Art. 27. L'assemblée est régulièrement constituée lorsque les membres présents ou représentés réunissent le quart du fonds social.

Pour vérifier si le quart du fonds social est représenté, tous les actionnaires ayant droit de prendre part à l'assemblée sont invités par les avis de convocation à déposer leurs titres dans les dix jours aux lieux indiqués par le Conseil.

Si à la première réunion le nombre d'actions représentées n'est pas suffisant, une nouvelle assemblée est convoquée, et elle délibère valablement quelle que soit la portion du capital représentée par les actionnaires présents, mais seulement sur l'ordre du jour de la première convocation.

Cette nouvelle réunion doit avoir lieu à quinze jours au moins et un mois au plus d'intervalle et les convocations peuvent n'être faites que vingt jours à l'avance.

Art. 28. L'assemblée générale est présidée par le Président du Conseil, ou à son défaut, par un Administrateur désigné par le Conseil.

Deux des plus forts actionnaires présents remplissent les fonctions de scrutateurs.

Le Bureau désigne le Secrétaire.

Art. 29. Les délibérations sont prises à la majorité des voix.

L'ordre du jour est arrêté par le Conseil.

Il n'y est porté que les propositions émanant du Conseil et celles qui lui auront été communiquées vingt jours au moins avant la réunion avec la signature d'actionnaires représentant au moins 10 pour cent du capital.

Il ne peut être mis en délibération que les objets portés à l'ordre du jour.

Art. 30. L'assemblée générale désignera, soit parmi les actionnaires, soit parmi les

personnes étrangères à la Société, un ou plusieurs commissaires chargés de la vérification des comptes.

Art. 31. L'assemblée générale annuelle entend le Rapport que le Conseil doit lui présenter chaque année sur la situation des affaires de la Société, et celui des commissaires sur les comptes.

Elle discute, approuve, ou rejette les comptes.

Elle fixe le dividende.

Elle nomme les Administrateurs à remplacer.

Elle délibère et statue souverainement sur tous les intérêts de la Société et confère au Conseil d'Administration tous les pouvoirs supplémentaires qui seraient reconnus utiles.

L'Assemblée ne peut décider l'augmentation du capital qu'avec une majorité réunissant les deux tiers au moins des actionnaires présents ou représentés.

Art. 32. Les délibérations de l'assemblée générale sont constatées par des procès-verbaux inscrits sur un registre spécial et signés par les membres du Bureau.

Une feuille de présence contenant les noms et domiciles des actionnaires membres de l'assemblée et le nombre d'actions dont chacun est porteur, est signée par les membres présents et annexée au procès-verbal pour être communiquée à tout ayant droit.

Art. 33. Les copies ou extraits des délibérations, pour faire foi, doivent être signés par le Président du Conseil ou celui qui le remplace.

Art. 34. Les décisions de l'assemblée générale, prises en conformité des présents Statuts, sont obligatoires même pour les actionnaires absents ou dissidents.

Titre V.—*Inventaires et Comptes Annuels.*

Art. 35. L'année sociale commence le 1er Janvier et finit le 31 Décembre.

Par exception le premier exercice comprendra le temps écoulé entre la constitution définitive de la Société et le 31 Décembre suivant.

A la fin de chaque année sociale il est dressé par les soins du Conseil un inventaire général de l'actif et du passif.

Cet inventaire ainsi que le bilan et les comptes sont mis à la disposition des Commissaires quarante jours avant l'assemblée générale annuelle. Ils sont ensuite présentés à l'assemblée.

Tout actionnaire ayant droit de prendre part à l'assemblée peut en prendre communication.

Titre VI.—*Partage des Bénéfices et Amortissement.*

Art. 36. Sur les bénéfices nets annuels il est prélevé:—

1. 5 pour cent pour être payés à titre d'intérêts à toutes les actions, sans distinction.

2. 5 pour cent pour les fonds de réserve.

L'excédent est réparti dans la proportion suivante:—

3. 5 pour cent aux Administrateurs par parties égales.

4. 95 pour cent aux actionnaires à titre de dividende.

Art. 37. L'assemblée générale pourra prélever chaque année un tant pour cent sur les bénéfices nets pour amortir un nombre déterminé d'actions à échoir par voie de tirage au sort. Les actions amorties continueront à jouir du dividende, mais n'auront pas droit à l'intérêt.

Titre VII.—*Fonds de Réserve.*

Art. 38. Le fonds de réserve se compose de l'accumulation des sommes prélevées sur les bénéfices annuels, en conformité de l'Article 36.

Il est destiné à faire face aux dépenses extraordinaires ou imprévues.

Lorsque le fonds de réserve aura atteint le dixième du fonds social, le prélèvement sera suspendu.

Art. 39. En cas d'insuffisance des produits d'une année pour donner un intérêt ou dividende de 5 pour cent par action, la différence peut être prélevée sur le fonds de réserve.

Art. 40. A l'expiration de la Société, et après la liquidation de ses engagements, le fonds de réserve sera partagé entre toutes les actions.

Titre VIII.—*Prorogation, Dissolution, Liquidation.*

Art. 41. Le Conseil d'Administration peut, à toute époque et pour quelque cause que ce soit, proposer à l'assemblée générale, convoquée à cet effet, la prorogation, la

dissolution, et la liquidation de la Société, ainsi que tout projet de fusion avec d'autres Sociétés. Toutefois, la prorogation ou la fusion, s'il y a lieu, ne pourra se faire qu'avec l'autorisation du Gouvernement Impérial.

Art. 42. En cas de perte des trois quarts du fonds social, les Administrateurs convoquent l'assemblée générale à l'effet de statuer sur la question de savoir s'il y a lieu de prononcer la dissolution de la Société ou de continuer ses opérations.

Art. 43. A l'expiration de la Société ou en cas de dissolution anticipée, l'assemblée générale convoquée règle le mode de liquidation et nomme un ou plusieurs liquidateurs.

Pendant la liquidation, les pouvoirs de l'assemblée générale continuent comme pendant l'existence de la Société.

Les liquidateurs peuvent, en vertu d'une délibération de cette assemblée, et avec l'autorisation du Gouvernement Impérial, faire le transfert à toute Société, ou à tout particulier, des droits, actions, et obligations de la Société dissoute.

Art. 44. Les assemblées générales extraordinaires, appelées à statuer sur les objets indiqués au présent titre, ne seront valablement constitués que si elles réunissent un nombre d'actions représentant la moitié au moins du capital social.

Conforme à l'original,
(Signé) KEVORK.

Les présents Statuts ont été dressés en conformité de l'Iradé Impérial, transmis par Theskéré Grand Véziriel, en date du 30 Janvier, 1304.

Le 14 Redjeb, 1306 (4 Mars, 1305), 1889.

(Signé) ALFRED KAULLA.

No. 120.

Sir W. White to the Marquis of Salisbury.—(Received July 26.)

(No. 282.)
Therapia, July 20, 1889.

My Lord,

WITH reference to my despatch No. 209 of the 6th June, I have the honour to state that I have reason to believe that certain negotiations have been going on lately as to the proposed arbitration scheme between Messrs. Alt and Seefeldor, on the part of the Haïdar-Pasha Railway Company, and the Ottoman authorities.

Of the nature of these overtures I am ignorant, as no application for support has recently been made to me; and the last communication I have received on the subject is the letter from Mr. Pears, copy of which I had the honour to forward to your Lordship in my despatch No. 209 of the 6th June.

I have, &c.
(Signed) W. A. WHITE.

No. 121.

Foreign Office to Messrs. Matheson and Co.

Foreign Office, August 22, 1889.

Gentlemen,

WITH reference to my letter of the 3rd April relative to the forfeiture [illegible] of the original Turkish Debt, on the ground that they were not presented in proper time for conversion, I am directed by the Marquis of Salisbury to inform you that he has considered the matter in communication with the Law Officers of the Crown, and that he is advised that the Council of Administration of the Ottoman Debt was entitled to make reasonable regulations to provide for the registration of bonds, and thereby fix a time after which the obligation to pay an unregistered bond would not be recognized, and that, in considering the validity of the notice of the 10th April, 1888, it must be remembered that a considerable period (December 20, 1881, to February 13, 1885) was permitted for registration.

It is doubtful whether the complainants have any legal claim, and no legal proceedings exist by which any supposed claim could be enforced.

Lord Salisbury is, however, advised that, having regard to the fact that no step was taken or notice issued until April 1888, the period allowed before forfeiture, namely, up to the 13th May, was unreasonably short, and his Lordship has, consequently, instructed Her Majesty's Ambassador at Constantinople to make a

suitable representation to the Council of Administration of the Ottoman Debt on behalf of the British subjects holding bonds, which have been forfeited pursuant to such notice.

I am, &c.
(Signed) P. CURRIE.

No. 122.

The Marquis of Salisbury to Sir W. White.

(No. 278.)
Foreign Office, August 23, 1889.

Sir,

I HAVE been in communication with the Law Officers of the Crown on the subject of your Excellency's despatch No. 159 of the 26th April relative to the complaints received through Messrs. Matheson and Co., to the effect that a large number of bonds of the original Turkish Debt had been declared to be forfeited, on the ground that they were not presented in proper time for conversion.

I am advised that the Council of Administration of the Ottoman Debt was entitled to make reasonable regulations to provide for the registration of bonds, and thereby fix a time after which the obligation to pay an unregistered bond would not be recognized, and that in considering the validity of the notice of the 10th April, 1888, it must be remembered that a considerable period, viz., from the 20th December, 1881, to the 1st (13th) February, 1885, was permitted for registration. Nevertheless, having regard to the fact that no step was taken or notice issued until April 1888, the period allowed, namely, up to the 13th May, before forfeiture, seems unreasonably short, and I have consequently to request that your Excellency will make a suitable representation to the Council of Administration of the Ottoman Debt on behalf of British subjects holding bonds which have been declared forfeited pursuant to such notice.

I should add that I am further advised that it is doubtful whether the complainants have any legal claim, or that there are any legal proceedings by which they could enforce any supposed claim.

I am, &c.
(Signed) SALISBURY.

No. 123.

Sir W. White to the Marquis of Salisbury.—(Received October 4.)

(No. 364.)
Therapia, September 4, 1889.

My Lord,

WITH reference to the Earl of Rosebery's despatch No. 48 of the 10th February, 1886, I have the honour to state that it having come to my knowledge that an Iradé had been issued for the settlement of the question of unpaid drawn Turkish bonds I caused inquiries to be made, and ascertained that an Iradé had been issued concerning the settlement of the question of Turkish bonds of the 1863, 1864, 1865, and 187 Loans drawn before the suspension of payment of 1875, and hitherto unpaid.

I consequently made an application to the Sublime Porte for an official copy of this Iradé which has now been furnished to me, and I have the honour to inclose a copy of the note and a translation of its inclosure.

From this it would appear that the holders will be paid off gradually, and will eventually receive about 70 per cent. of the value of their bonds. New bonds will no longer be issued against the old bonds of the Turkish Consolidated Debt, which are now cancelled through not being presented within the time fixed for their conversion, and from the interest which would have been paid on the new bonds had the issue been continued a sum of about £ T. 9,500 will be available every year until the extinction of the claim, which amounts to about £ T. 88,000. Thus the claim will be extinguished in about nine or ten years, and the scheme would seem to be beneficial to the holders of these bonds.

I would venture to suggest that it might be desirable that a notification of this arrangement should be made public in the manner your Lordship may deem most expedient.

I have, &c.
(Signed) W. A. WHITE.

Inclosure 1 in No. 123.

Note Verbale.

CONFORMÉMENT au désir exprimé par l'Ambassade de Sa Majesté Britannique dans sa note verbale en date du 30 Avril dernier, le Ministère des Affaires Étrangères a l'honneur de lui transmettre ci-joint deux copies de la décision concernant les obligations de l'Emprunt Ottoman de 1865 sorties au tirage de 1874.

Le 24 *Août*, 1889.

Inclosure 2 in No. 123.

Report of Special Council of Ministers.

(Translation.)

THE owners of the bonds which were drawn before the stoppage of payment of the bonds of the 1863, 1864, 1865, and 1873 Loans not having come forward, the sums remained deposited with the Crédit Mobilier Company, and were subsequently taken over, with a discount by the Treasury, to be paid on the appearance of the owners.

On account of these men coming forward, a Report was submitted on the 13th Zil Kaade, 1305, asking for authority to set aside bonds to the amount of £ T. 750,000 (nominal value) out of the surplus of the new bonds which will remain over from the conversion, and, after deducting 15 per cent., to issue them to these men at the market price.

In a letter received from the Ministry of Finance, which we have studied attentively, it is stated that, as the owners of the bonds did not cease to demand settlement of their claims, and as it seemed possible to make certain reductions and modifications, counsel had been taken *ad hoc* with the administration of the Public Debt. The result of these deliberations is the following:—

1. The sum originally due to the holders of these bonds amounted to £ T. 125,750.

2. Instead of the 15 per cent. reduction on this sum at first decided on, a reduction of 30 per cent. is to be made.

3. A commission of 1 per cent. is to be charged once for all on the payments.

4. Instead of bonds being given as was decided in the first instance, it has been decided to assign the interest due on such bonds as were available for exchange against old bonds of the Turkish Consolidated Debt, which are now cancelled through not being presented within the time fixed for their conversion.

According to this arrangement, the amount of the claim will be reduced to £ T. 88,025, and this will be paid off year by year with the money laid aside for the interest on the said bonds, which amounts to £ T. 9,458, and in this way the new bonds will not come into circulation again.

From the above statement, this arrangement appears of obvious advantage to the Imperial Treasury as compared with the former proposals, and we therefore unanimously advise that authority be granted to the Ministry of Finance to act upon it, and we submit inclosed the letter in question.

Nevertheless, in the end, the decision and order rests with him who commands.

28 *Rejeb*, 1306 (*March* 19 (31), 1889).

Copy of Vizirial Letter submitted to the Palace.

The owners of the bonds which were drawn before the payment of the bonds of the 1863, 1864, 1865, and 1873 Loans was stopped not having come forward, the sums remained at the Crédit Mobilier, and were later on paid over with a discount to the Treasury. Some time ago a plan of arrangement was decided on to provide for the event of the owners of the sums coming forward. The administration of the Public Debt was consulted with a view to modifying this arrangement, and the result of the deliberation was announced in a letter from the Ministry of Finance, upon which the Special Council of Ministers drew up a Report, which is submitted herewith.

This is to say, that in whatever sense the Imperial Iradé in this matter is issued, it will be complied with.

28 *Rejeb*, 1306 (*March* 19 (31), 1889).

Copy of the Imperial Iradé.

Upon this Vizirial letter, which, with its inclosure, has been received and examined by His Majesty, the Imperial Iradé has been issued in accordance.

6 *Shaban*, 1306 (*March* 26 (*April* 7), 1889).

Copy of the Vizirial Order ("*Bouyourouldou*").

Let the Ministry of Finance carry out the necessary steps in accordance with the Report of the Special Council of Ministers, the Vizirial letter, and the Imperial Iradé, copies of which are given above.

8 *Shaban*, 1306 (*March* 28 (*April* 9), 1889).

No. 124.

Sir W. White to the Marquis of Salisbury.—(*Received October* 4.)

(No. 378.)

Therapia, September 14, 1889.

My Lord,

IN reply to your Lordship's despatch No. 278 of the 23rd ultimo, instructing me to make representations to the Council of Foreign Bondholders on behalf of British subjects holding bonds of the original Turkish Debt which have been declared forfeited on the ground that they were not presented in proper time for conversion, I have the honour to call your attention to my despatch No. 364 of the 4th instant on the subject of the Turkish bonds of 1863, 1864, 1865, and 1873.

I would beg to point out that it is from the moneys accruing from the cancelling of the bonds alluded to by Messrs. Matheson that the bonds mentioned in my despatch No. 364 are to be paid off, an arrangement sanctioned by Imperial Iradé.

British subjects are thus interested on both sides, and whilst the holders of the unpaid bonds of 1863, 1864, 1865, and 1873 Loans have hitherto remained out of their money through no fault of their own, it is most just that their case should, even at this late hour, be now disposed of.

On the other hand, the Turkish Debt Administration has, in cancelling the bonds of the original Turkish Debt not presented in proper time for conversion, only followed the usual course, and the only fault that can be found is that perhaps the notice of forfeiture was not issued until April 1888, although a considerable period, viz., from the 20th December, 1881, to the 1st (13th) February, 1885, was permitted for registration, of which those interested might have availed themselves: the very large majority did avail themselves of it, so that the Debt Administration might well have considered that the bonds were no longer forthcoming.

The difficulty now before me is that both arrangements are now *faits accomplis*: and until I hear further from your Lordship I shall venture not to take further action in the matter, seeing the very small hope of success which would attend my efforts.

I have, &c.

(Signed) W. A. WHITE.

No. 125.

The Marquis of Salisbury to Sir W. White.

(No. 339. Confidential.)

Foreign Office, October 17, 1889.

Sir,

I HAVE received your Excellency's despatch No. 378 of the 14th ultimo, relative to the case of British holders of bonds of the original Turkish Debt which have been declared forfeited on the ground that they were not presented in proper time for conversion.

Your Excellency shows good grounds for considering that any action taken by you on behalf of the bondholders referred to will in all probability prove unsuccessful. Her Majesty's Government have, however, undertaken to make a representation in favour of their claims (see letter to Messrs. Matheson and Co. of the 22nd August, in the confidential printed correspondence); and I have accordingly to request that your

Excellency will communicate with the Administration of the Ottoman Public Debt in the sense indicated in my despatch No. 278 of the 23rd August.

Pending the receipt of a reply, the publication of the Notice suggested in your despatch No. 364 of the 4th ultimo will be deferred.

I am, &c.
(Signed) SALISBURY.

No. 126.

Sir W. White to the Marquis of Salisbury.—(*Received November* 29.)

(No. 459.)
My Lord, *Constantinople, November* 21, 1889.

THE "Tarik" of the 15th instant devotes a leading article to the acceptance on the London Stock Exchange of the four series of bonds of the Ottoman Public Debt.

These bonds would, it says, have been accepted ever since the erection of the Council of the Public Debt but for the insistance of the Stock Exchange Committee, that the question of the bonds of the Loans of 1863-64-65 and 1873, whose terms had expired before Turkey stopped payment, should first be settled.

This result, for which M. Caillard had ineffectually laboured since his appointment, has at length been obtained by the efforts of Agop Pasha; and the removal of this one obstacle, and the assistance of Sir Edgar Vincent and M. Caillard, has enabled his Excellency to obtain the quotation of the bonds of the various Ottoman Loans on the London Stock Exchange.

The "Tarik" warmly congratulates Agop Pasha on this restoration of Ottoman credit, one effect of which will be that "money will in future easily be found in England for any industries and Concessions which may be started."

I have, &c.
(Signed) W. A. WHITE.

No. 127.

Mr. Caillard to the Marquis of Salisbury.—(*Received December* 2.)

My Lord, *Constantinople, November* 28, 1889.

I VENTURE to inclose to your Lordship a copy of a note which I have addressed to Sir William White to-day on the negotiations I have been carrying on, on behalf of the Public Debt, with the Turkish Government in regard to the new Treaties of Commerce. Your Lordship will perceive that I did not hesitate for a moment to accept, for the Public Debt, the loss which will accrue from the abolition of the internal customs duties, as I am most anxious that we should in no way stand in the way of those Treaties, and, moreover, have always regarded those duties with horror; nevertheless, in spite of this really very considerable concession on my part, the Government is endeavouring to impose conditions upon us which will absolutely deprive us of any revenue from the Customs.

I am, &c.
(Signed) VINCENT CAILLARD.

Inclosure in No. 127.

Note addressed to Sir W. White by Mr. Caillard on the Increase of Customs Revenue to accrue to the Public Debt Administration on the Introduction of the Customs Revenue.

BY virtue of section 3 of Article 8 of the Imperial Decree of the 8th (20th) December, 1881, the Turkish Government ceded to its creditors "the excess of the Customs receipts, resulting from the modification of the rate of the taxes, in case of revision of the Treaties of Commerce."

This stipulation was amplified, and was intended to be explained by official declaration to the Commission of 1881 (of which Lord Carnarvon was a member), conceived in the following terms:—

"La Commission instituée à la Douane, pour examiner le système d'imposition actuel des marchandises, a proposé:—

"1. De renoncer au droit d'exportation qui est de 1 pour cent *ad valorem*.

"2. De supprimer le droit de transit qui est également de 1 pour cent *ad valorem*, et enfin,

"3. D'adopter, quant aux importations, soumises actuellement à un droit de 8 pour cent *ad valorem*, les dispositions suivantes, savoir:—

"(*a.*) Affranchir l'entrée de certains articles;

"(*b.*) Soumettre certains autres articles à un droit de 3 pour cent;

"(*c.*) Maintenir le taux actuel de 8 pour cent, pour une troisième catégorie de marchandises;

"(*d.*) Établir des droits spécifiques, ne dépassant pas 20 pour cent, sur tous les autres objets importés dans l'Empire.

"En renonçant aux droits d'exportation et de transit, le Gouvernement Impérial était, sans doute, obligé de chercher des compensations dans un accroissement proportionnel des recettes d'importation. Or, pour établir le chiffre de l'excédant des recettes Douanières, à provenir des modifications qui seraient introduites dans le taux de taxation, en cas d'une révision des Traités de Commerce, il faudrait, en premier lieu, calculer sur la valeur totale des marchandises importées (d'après l'estimation, ou d'après les Tarifs qui seront en vigueur), les droits sur la base actuelle de 8 pour cent. La différence entre le montant de ce droit ainsi calculé, et la somme des recettes effectives d'importation, représenterait la redevance d'importation. Cette redevance devrait être diminuée:

"1. De la moyenne annuelle des dix dernières années des droits d'exportation;

"2. De la moyenne annuelle des dix dernières années des droits de transit;

"3. De la bonification accordée aux marchandises étrangères réexportées, dans le délai de six mois, après l'importation;

"4. Des frais du Service Administratif.

"La différence nette constituerait l'excédent à mettre à la disposition du Service de la Dette réduite de l'Empire. Le Conseil des Créanciers aurait le droit d'examiner le compte définitif de l'année budgétaire, et le Tableau Statistique des importations qui lui serait fourni par l'Administration générale des Douanes, dans un délai convenable à déterminer."

The first point raised by the Government in addition to the above—now it is hoped that the moment is close at hand when the new Treaties may be put into force—is that it is intended to abolish, simultaneously with the introduction of the new Tariffs, the 8 per cent. *ad valorem* duty hitherto imposed on all articles transported from one province of the Empire to another by sea. This duty having produced between £ T. 350,000 and £ T. 400,000, the Minister of Finance asked me, on grounds of equity and general public interest, to agree that its equivalent, based on the average of the last ten years, should be deducted from the future "increase" to accrue to the Public Debt; otherwise, he said, it might be difficult for the Government to agree to the abolition of the interior duty at all, and this again would be a serious obstacle in the way of the conclusion of the Treaties, certain foreign Governments making such abolition a condition of their acceptance. As I have always been of opinion that the Public Debt should avoid coming into conflict with the proper interests of the Government and people of this country, but rather to do all in its power to forward them; as, moreover, I am aware that it is the English Government which is especially insisting upon the abolition of the interior duties, every reason of policy and public interest pointed to my consenting to the above deduction being made without demanding compensation, and I did so. The matter has not yet been submitted to my colleagues, but I have no doubt of obtaining their approval.

The next point was raised by myself, after consulting Bertram Effendi, the German "Mustechar" of the "Direction Générale des Douanes." Your Excellency will have observed that what is called the "Redevance d'Importation," which forms the basis of the increase to accrue to the Public Debt, is arrived at by deducting 8 per cent. on the whole value of the imports in any year from the total effective receipts of that year. But the future tariffs being drawn up on the basis of *specific* duties, it will be a practical impossibility to estimate the value of the imports, an impossibility acknowledged by Bertram Effendi. Moreover, such an arrangement leaves the door open to endless future discussion and ill-feeling between the Government and Public Debt Administration, for it will not have escaped your Excellency's notice that the Customs authorities will merely have to put a high estimate of value on the imports to reduce the share of the Public Debt to zero; since it is at least not improbable that the Customs authorities would avail themselves of this simple method of escaping the obligation of paying anything to the Public Debt, it is likely that the latter would have continually to object to the official Estimates, and since the latter

would have to be cross-checked at all the ports, large and small, of the Empire, for the amounts respectively set down to them, no result would ever be arrived at but ill-feeling and recriminations, which are just what I wish to avoid.

I have, therefore, proposed to the Minister of Finance that instead of following the above impossible system, the difference should be taken between the average total annual receipts of say the last ten years (including the transit duty, export duty, and interior 8 per cent. duty), and the total effective receipts under the new tariffs of any future year to be considered; from this difference should be deducted the administrative expenses and drawbacks (if the latter exist), and then, of the net difference thus obtained, the far larger proportion, say 75 per cent., should go to the Government, and 25 per cent. to the Public Debt. I will venture to treat a hypothetical case, in order to show how simple, and, I believe, generous to the Turkish Government, this proposal is:—

	£ T.	£ T.
Suppose the receipts of the year 1895 to be		3,000,000
those of the average of the last ten years (including transit duty, export duty, and internal customs duty) to be		2,000,000
From the total gross increase of		1,000,000
I deduct administrative expenses, say, 12 per cent. ..	360,000	
and drawbacks, say	10,000	
		370,000
Leaving a net increase of		630,000
Of which the Government should take		472,500
and the Public Debt		157,500

The Minister of Finance tells me that he fears that none of his colleagues will accept this proposal, but will insist upon the official declaration to the Commission of 1881 being acted on to the letter, with the exception, of course, that the Public Debt is to support the loss from the abolition of the interior customs duty, and, if this be so, I have no doubt whatever in my mind that the Public Debt Administration will in the future be met in the reverse of the conciliatory spirit which I have attempted to exhibit, and so much desire, and will be shown exaggerated values of imports, and be told that there is no increase at all "resulting from the modification of the rate" of the customs duties.

(Signed) VINCENT CAILLARD.

Constantinople, November 28, 1889.

No. 128.

Foreign Office to Mr. Caillard.

Foreign Office, December 5, 1889.

Sir,

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 28th ultimo, inclosing copy of a note which you have addressed to Her Majesty's Ambassador at Constantinople respecting the new Turkish Treaties of Commerce, and their effect upon the revenues of the Administration of the Ottoman Public Debt.

I am, &c.

(Signed) P. CURRIE.

No. 129.

Mr. Caillard to the Marquis of Salisbury.—(*Received December* 24.)

Constantinople, December 18, 1889.

My Lord,

I BEG to inclose to your Lordship a copy of a further letter I have addressed to Sir William White on the Turkish Treaties of Commerce. The chief point of interest to Her Majesty's Government is the fact that by agreeing to allow the average in past years of the internal customs duties, amounting to about £T. 350,000 per annum, to be deducted before claiming any future surplus of Customs revenue, the Council of the Public Debt has removed any reason for reluctance on the part of the

Turkish Government to abolish those internal duties, upon the abolition of which Her Majesty's Government has, I understand, absolutely insisted.

I have, &c.

(Signed) VINCENT CAILLARD.

Inclosure in No. 129.

Mr. Caillard to Sir W. White.

Constantinople, December 18, 1889.

Sir,

IN pursuance of the letter concerning the surplus of revenue to accrue to the Administration of the Ottoman Public Debt from the Customs receipts after the entry into force of the new Treaties of Commerce which I had the honour of addressing to your Excellency on the 28th November, I beg to inform you that, taking into consideration the large interests involved, and desirous of placing no obstacle in the way of the Government to the final agreement concerning those Treaties with the Powers, or to effecting the internal Customs reform which is essential to the development of industry and commerce in the Ottoman Empire, the Council of Administration of the Public Debt has finally decided to accept the terms described in my letter, in spite of the risk which they involve, and which I had the honour to explain.

This decision has been communicated to the Minister of Finance, and the matter may be looked upon as finally settled. There can thus remain no difficulty on the part of the Government to the abolition of the internal customs duties and export duties.

I have, &c.

(Signed) VINCENT CAILLARD.

No. 130.

Sir W. White to the Marquis of Salisbury.—(*Received December* 27.)

(No. 137. Commercial.)

Constantinople, December 19, 1889.

My Lord,

ON the 28th ultimo Mr. Caillard, representative of the British bondholders on the Ottoman Debt, furnished me with a Memorandum on the subject of the position taken up by himself with regard to the arrangement now proposed by the Government for the sums to be paid from increase of the Customs revenue to the Administration on the introduction of the new Commencial Treaties, by virtue of section 3 of Article 8 of the Imperial Decree of the 8th (20th) December, 1881.

The arrangement which Mr. Caillard in his letter, of which copy is herewith inclosed, states may be looked upon as finally settled is to the following effect:—

The difference will be taken between the average total annual receipts of the Customs of (say) the last ten years, including the transit duty, export duty, and internal 8 per cent. duty, and the total effective receipts under the new Tariff of any future year; from this difference is to be deducted the administrative expenses and drawbacks, if the latter exist, and of the net difference thus obtained, 75 per cent. would go to the Government, and 25 per cent. to the Ottoman Public Debt Administration.

The Council of Administration of the Public Debt has finally decided to accept heseerms, and Mr. Caillard apprehends no difficulty on the part of the Government.

I have, &c.

(Signed) W A. WHITE.

Inclosure in No. 130.

Mr. Caillard to Sir W. White.

Constantinople, December 18, 1889.

Sir,

IN pursuance of the letter concerning the surplus of revenue to accrue to the Administration of the Ottoman Public Debt from the Customs receipts after the entry

into force of the new Treaties of Commerce which I had the honour of addressing to your Excellency on the 28th November, I beg to inform you that, taking into consideration the large interests involved, and desirous of placing no obstacle in the way of the Government to the final agreement concerning those Treaties with the Powers, or to effecting the internal Customs reform which is essential to the development of industry and commerce in the Ottoman Empire, the Council of Administration of the Public Debt has finally decided to accept the terms described in my letter, in spite of the risk which they involve, and which I had the honour to explain.

This decision has been communicated to the Minister of Finance, and the matter may be looked upon as finally settled. There can thus remain no difficulty on the part of the Government to the abolition of the internal customs duties and export duties.

I have, &c.
(Signed) VINCENT CAILLARD.